# Daily Report

# Latin America

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*FBIS-LAT-95-124* *28 June 1995*

CONTENTS

**CARIBBEAN**

**Cuba**

Clinton in Oregon Defends Emigration Accord *[Havana TV]* ..... 1
Granma Delegate Calls for Urgent Sugarcane Measures *[Havana Radio]* ..... 1
Havana Gas Service Restored Following Plant Repairs *[Havana Radio]* ..... 1
More Than 29,000 Candidates To Participate in Elections *[PRENSA LATINA]* ..... 1
Sugar Minister Evaluates Holguin Sugar Mills *[Havana Radio]* ..... 2
Commentary Gives Sugar Planting, Weeding Report *[Havana Radio]* ..... 2
Commentary on Upcoming U.S.-Cuban Migration Talks *[Havana Radio]* ..... 2
National Election Commission President Prepares for Vote *[Havana TV]* ..... 3
Panel Discusses 'Appearances' *[Havana Radio]* ..... 4

**Haiti**

FNCD Candidate for Deputy Assassinated *[Madrid EFE]* ..... 6
Election Notes, Election Board Rejects Call for Annulment *[Nassau Radio]* ..... 6
Candidates Report Errors, Demand New Round of Elections *[NOTIMEX]* ..... 7
Aristide Admits To Irregularities in Elections *[Madrid EFE]* ..... 7
Paul Proposes Aristide Remain in Power 3 More Years *[Madrid EFE]* ..... 8
Aristide Opponent 'Counting On' Friends in U.S. Congress *[Port-au-Prince Radio]* ..... 9
Union Observers Call 25 Jun Elections Free, Fair *[Port-au-Prince Radio]* ..... 10
Remy: Election 'a Victory for the Haitian People' *[Port-au-Prince Radio]* ..... 10
Cap-Haitien Explosion Said Linked to Politics *[Port-au-Prince Radio]* ..... 11
UN Asked To Set Up 'Information Center' *[Port-au-Prince Radio]* ..... 11
Decree Revokes Certain Media Licenses To Operate *[Port-au-Prince Radio]* ..... 11

**MEXICO**

EZLN Criticizes Expulsion of Priests From Chiapas *[Madrid EFE]* ..... 12
El Barzon Movement Threatens to Paralyze Banking System *[Madrid EFE]* ..... 12
Cetes Interest Rates Register 4th Drop *[NOTIMEX]* ..... 13
Government Approach to Chiapas Faulted *[LA JORNADA 20 Jun]* ..... 13

**CENTRAL AMERICA**

**El Salvador**

Minister Confirms Financing Obtained in Paris *[LA PRENSA GRAFICA 27 Jun]* ..... 15
Fenastras Leader Focuses on Organization *[EL DIARIO DE HOY 25 Jun]* ..... 15

**Guatemala**

Army Denies Link to Attack on Prosecutor in Bamaca Case *[PRENSA LIBRE 26 Jun]* ..... 17
De Leon Confirms No Changes Planned in Military Hierarchy *[ACAN]* ..... 17
President Confirms Defense Minister To Continue in Post *[PRENSA LIBRE 27 Jun]* ..... 17
Sectors React to URNG Participation in Elections *[PRENSA LIBRE 25 Jun]* ..... 18
URNG Leader Cited on Main Obstacle to Signing of Peace *[NOTIMEX]* ..... 18

**Nicaragua**

Reportage on Guarantor Talks ..... 40
Ecuador 'Engaged In Manipulation' *[Madrid EFE]* ..... 40
Deputy Minister Returns *[Lima TV]* ..... 41
Economy Minister Rules Out Withdrawal From Andean Pact *[EL COMERCIO 14 Jun]* ..... 41
Fujimori Popularity Tracked From 1990 to 1995 *[DEBATE May-June 95]* ..... 41

**Venezuela**

President Caldera, Ministers Vow To Fight Crime *[Caracas TV]* ..... 42
Stock Exchange President on Brady Bonds *[EL UNIVERSAL 24 Jun]* ..... 43

## Cuba

### Clinton in Oregon Defends Emigration Accord

*FL2806011895 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0000 GMT 28 Jun 95*

[From the "NTV" newscast]

[FBIS Translated Text] U.S. President William Clinton today defended the emigration accord which his administration reached with Cuba. During an electoral trip to Oregon, Clinton tried to quench the criticism of Cuban Far-Right sectors in Florida. Clinton, who is currently engaged in his reelection campaign, reiterated the continuity of the policy to blockade Cuba.

### Granma Delegate Calls for Urgent Sugarcane Measures

*FL2706222195 Havana Radio Rebelde Network in Spanish 1700 GMT 27 Jun 95*

[Report by Alcedes Garcia; from the "National Radio News"]

[FBIS Translated Text] Jose Ramon Balaguer Cabrera, Politburo delegate in Granma, during a meeting with leaders of the Ministry of the Sugar Industry and the Cuban Workers Federation, said there is great concern that only 69 percent of the weeding goal has been reached. He called for the implementation of urgent measures since weeding is one of the factors most affecting yields. Although Spring planting is still 207 caballerias short of its goal — a large number considering the late date — Granma expects to complete planting of a total of 933.7 caballerias by 5 July. Other tasks behind schedule include replanting, which is 977 caballerias short of the goal; and total cultivation, which is now at 67 percent. Regarding the labor force, the low level of incorporation of industrial workers into agricultural tasks continues; not all agricultural workers are in the fields; and more mobilized workers are required in spite of the increased costs that such mobilization incurs. Workers in Granma will have to labor long and hard to assure adequate sugarcane to grind in the next harvest.

### Havana Gas Service Restored Following Plant Repairs

*FL2706210795*

[FBIS Translated Editorial Report] Havana Radio Rebelde Network in Spanish at 1155 GMT on 27 June carries a discussion with correspondent Pepe Suarez, live at the Melones Gas Plant, and Josi Jimenez, of the Rebelde studio, on resumption of gas service to Havana following the Mario Fortuni gas plant breakdown.

Pepe Suarez begins by introducing Jesus Regalado, shift manager at the Melones plant, noting that Melones "pumps cooking gas produced in Melones, as well as gas produced at Mario Fortuni in Marianao, feeds it to Melones, then distributes it to the 15 [as h rd] municipalities in Havana City." Suarez describes Regalado as one of those who works hardest to maintain plants that have "such old, outdated systems that often break down, such as the breakdown that occurred on the afternoon of 25 June at the Mario Fortuni plant."

Suarez digresses, mentioning that he spoke over the telephone to Dimas Gonzalez, director of the cooking gas enterprise at the Mario Fortuni plant, who told him that all repairs had been completed on the afternoon of 26 June, and that gas is currently being pumped to Melones.

He then turns to Jesus Regalado and asks him if the Melones plant is ready to return to its normal pumping schedule to provide gas to Havana. Regalado reiterates that operations "normalized" on 26 June, that the gas supply at Melones was approaching capacity, and that he expected all lines to be opened within half an hour. Regalado adds that "no problems were expected in reinstituting complete service." Suarez asks if there are any problems regarding raw materials for gas production, storage, pumping and distribution, or work teams and equipment. Regalado replies that there are no such problems, and agrees with Suarez that the normal pumping schedule will be resumed.

Josi Jimenez notes that several residents had called the studio complaining that they still had no gas, asking when service would be reinstated. Suarez replies that Dimas Gonzalez explained that since the gas was out for almost 48 hours, demand had built up, and that complete service would be restored to all areas within three to four hours. Suarez personally testifies that there is gas at the plant, that the containers are completely full, and that they are pumping gradually. Suarez adds that everything is operational and stable, and that scheduled supply should be maintained. He concludes by saying that he had toured Centro Havana, Havana Vieja, and Cerro Municipalities this morning, where residents said that service had been reinstated in those areas. Suarez notes that it would take longer for gas supply to reach more remote areas.

### More Than 29,000 Candidates To Participate in Elections

*PA2706205995 Havana PRENSA LATINA in Spanish 1348 GMT 27 Jun 95*

[FBIS Translated Text] Havana, 27 Jun (PL) — A total of 29,131 candidates for delegates (councilors) of the

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people's government will take part in the upcoming elections — the eighth nationwide elections of this kind — scheduled for 9 July, it was reported here today.

The candidates will vie for 14,229 seats representing an equal number of districts into which 169 municipalities are divided. The winners will serve terms of two and one-half years, the newspaper GRANMA reported today.

The Cuban Electoral Law establishes that in elections of this nature at least two and a maximum of eight candidates should be registered per district.

On this occasion, most districts only have two candidates, and, therefore, local observers believe most delegates will be chosen in the first round. Only in tie votes and cases in which no candidate garners half of the valid votes cast in a particular district will a second round be held. The second round is scheduled for 16 July.

National Electoral Commission statistics indicate that of the aspiring councilors, 29.9 percent are incumbents, 16.1 percent are women, and 18.1 percent are under 30 years of age — that is, young.

**Sugar Minister Evaluates Holguin Sugar Mills**

*FL2706191495 Havana Radio Rebelde Network in Spanish 2300 GMT 26 Jun 95*

[From the "Exclusive" program]

[FBIS Translated Text] Sugar Industry Minister Nelson Torres called on sugar workers to maximize production in the next sugar campaign through the efficient use of the resources available in each agroindustrial complex. At the conclusion of an evaluation of the 10 sugar mills in Holguin Province, Torres pointed out the importance of elevating production in the next harvest. Torres praised the workers for the completion of the planting campaign with 1,420 caballerias during the spring period as well as the positive behavior of the crops and the preparation of the soil among, other tasks. Torres stressed that Holguin's agroindustrial complexes must now focus on the weeding efforts, a situation that has worsened in the last few days due to the rain.

**Commentary Gives Sugar Planting, Weeding Report**

*FL2706182995 Havana Radio Rebelde Network in Spanish 2300 GMT 26 Jun 95*

[Commentary by Reporter Ivonne Alvelo; from the "Exclusive" program]

[FBIS Translated Text] June is an important month for the sugar industry. In recent days a great effort has been made. Nevertheless, there are still delays in the planting program. Nationally, 76 percent of the plan has been met. To date 10,677.3 caballerias have been planted, the biggest delays being in the provinces of Pinar del Rio and Camaguey. Meanwhile, Santiago de Cuba leads this effort with a completion of 109 percent, followed by Holguin and Las Tunas, with 99 percent and 95 percent, respectively.

Another task that requires a more accelerated rhythm is the replanting [resiembra] effort. To date, 6,097.4 caballerias have been replanted, which represents only 43 percent of the goal.

The weeding continues to progress. So far, 20,342.3 caballerias have been weeded which means that 50 percent of the weeding goal has been met. This is a task that requires constant attention since the current weather conditions favor the reappearance of weeds. The provinces with the best results are Camaguey, Cienfuegos, and Pinar del Rio, all with more than 75 percent. Meanwhile, Villa Clara trails behind with only 27 percent.

**Commentary on Upcoming U.S.-Cuban Migration Talks**

*PA2706130495 Havana Radio Havana Cuba in Spanish 0000 GMT 27 Jun 95*

["Station commentary" by Manolo de la Rosa; from the "Evening Information Review" newscast]

[FBIS Translated Text] The fourth round of talks between the United States and Cuba will take place on 17, 18, and 19 July here in Havana. The Cuban Foreign Ministry announced this through its spokesperson Rafael Dausa. He said this will be an opportunity to review the routine fulfillment of existing bilateral accords. So far, both parties have meticulously fulfilled what was agreed upon in terms of migration affairs, particularly concerning the return to Cuba of those people who attempt to emigrate illegally to the United States.

After the signing of the agreements, there have been approximately 40 people who have managed to elude Cuban Coast Guard authorities. These people were intercepted on the high seas by U.S. Coast Guard vessels, which escorted them back to Cuban ports. After being turned over to Cuban authorities, in the presence of officials from the U.S. Interests Section in Cuba, the lawbreakers were told they would not receive any special privileges or concessions to emigrate to U.S. territory and that they would have to process their migration requests through channels that exist for this purpose.

Cuba, for its part, has found ways to end numerous illegal departures from Cuban territory by so-called

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rafters. Many of these people risked their lives to cross the Florida Straits in flimsy boats lured by the privileged treatment accorded by U.S. authorities. They were described as belonging to an exodus of people who had been persecuted because of political beliefs. Upon their arrival in the United States, they would make statements denouncing their country. It was demonstrated, however, that in the long run the main reasons for those illegal emigrations were economic in nature, because the country's situation turned critical following the collapse of the Soviet Union and the socialist bloc with which Cuba had maintained 85 percent of its foreign economic relations.

That came at a time when the U.S. blockade imposed by the United States on Cuba for 33 years caused a veritable collapse of the country's economy. The so-called special period had to be implemented, and all of the people had to be mobilized to counter the crisis and resist the temptation of surrendering the revolution out of hunger.

The migration agreements recently adopted by the Cuban and U.S. Governments have done nothing but fully normalize bilateral migration agreements and implement a policy toward Cuba that, in most countries, is standard in this area. Nevertheless, the ultrarightist sector in the United States responded irately, angered by the threat that the arbitrary mechanisms of counterrevolutionary propaganda and other efforts, which for years turned out to be a lucrative business for certain migrant groups, might disappear. Now, few private fortunes are emerging from this sordid business.

The waters are returning to normal levels, and protests from the Florida mafia, victim of the little support it received from a large portion of Cuban migrants, have fallen on deaf ears. Most people are interested more than anything in securing the normalization of Cuban-U.S. relations and the reunification of families that have been separated by more than three decades of confrontation.

The migration agreements have obviously been consolidated and will pave the way so that, sooner or later, Cuba and the United States will behave like neighborly, sovereign, and independent countries that must maintain relations based on mutual respect, instead of relations based on the hegemony of a few who attempt to rule over others or relations based on economic and political subordination.

**National Election Commission President Prepares for Vote**

*FL2706175795 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0000 GMT 27 Jun 95*

[Report by correspondent Forestes de Casanova; from the "NTV" newscast — passages in quotation marks recorded statements by Carlos Amat, president of the National Electoral Commission]

[FBIS Translated Text] During a meeting with election officials in Camaguey today, Carlos Amat, president of the National Electoral Commission, called for nothing to be left to chance that could hinder the success of the 9 July elections.

"Our job is to organize and guarantee that things run smoothly without any problems on election day. All the details have been attended to, precautions have been taken, and the polling stations are set up. Everything has been specified and readied in the seminars, including the ballots, and ballot boxes, and all the paperwork needed by public organizations to operate as support staff on election day."

To support the viability of these tasks, Amat cited the recently concluded candidate nomination assemblies as an example.

"There were no insurmountable difficulties. In spite of the fact that we are in the midst of the special period, we have been able to resolve the different material shortages."

In comments made exclusively on this news program, Amat also emphasized the need to specify certain details.

"Above all, it must be stressed in this election that the vote is selective, one must cast his vote for the one candidate he judges to be best qualified for the job."

However, the success of the election depends first and foremost on other aspects, such as popular awareness of the importance of each vote.

"I believe that the election will importantly effect the composition of future municipal assemblies, because there is a good selection of candidates. Any one of the candidates could be a excellent comrade to carry out the tasks that lie ahead."

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**Panel Discusses 'Appearances'**

*FL2706123795 Havana Radio Rebelde Network in Spanish 1600 GMT 22 Jun 95*

["Straight Talk" program with host Osvaldo Rodriguez and Luis Sexto from BOHEMIA magazine — live or recorded]

[FBIS Translated Text] [Rodriguez] Today's issue is: appearances are deceiving. I think this is a compelling subject because first impressions are lasting, and opinions are formed quickly by what psychologists call the (?Halo) Principle. I also believe that on the ground of first impressions, judgments and opinions are reached based on one's appearance. What do you think?

[Sexto] Well, we are discussing this issue today because a listener brought it to our attention. I would like you to identify the listener who wrote prompting this discussion.

[Rodriguez] The letter describing a case illustrating the fact that appearances can be deceiving was written by a young man named Jorge Arias Padilla, who lives at 18 Victor Martinez Street, Manicaragua, Villa Clara. He wrote a long letter covering many issues, including this one. He says he likes rock music, and likes to dress in up-to-date fashion — which others might see as extravagant — but he likes it, and he says that others judge him on his physical appearance, and on his appreciation for rock music. His analysis of the situation notwithstanding, it is undeniable that this young man is worried about our society's problems and the issues that all Cubans face.

[Sexto] Naturally, as you say, the practice of judging on appearances, of forming definitive opinions based on a persons's appearance, is something that human wisdom condemns because it continually leads to mistakes. I do not want this discussion to become like a trip to the psychologist's office, but we are going to discuss various aspects of the issue of appearances in terms of the apparent and the essential. I read this young man's letter; it is a letter from a Cuban worried about his country, in which he cites his positive attitude toward life, society, and the interests of his country, but it hurts him that he is often erroneously judged on his appearance and taste in music. The first thing we must say is that appearances are often deceiving, and many times such tastes can lead us to believe that someone who likes rock also endorses or sustains an anti-Cuban position.

[Rodriguez] Yes, and I believe that that is an opinion that was predominant when The Beatles first came out. Just a few days ago I was talking to Orlando Quiroga, the writer of the Gran Escena program, and he was telling me that in 1961 he wrote about The Beatles in the BOHEMIA magazine. He spoke about The Beatles' cultural impact. He encountered strong opposition from some people. As a matter of fact, some people criticized him because listening to The Beatles was supposedly something that degraded and cheapened our youth.

[Sexto] In the past 35 years since the Revolution, there have been times when such behavior was the natural outcome of the harassment our country received; and when trends were identified by the preference for certain types of music or literature which were identified with tacit support for Cuba's enemies.

[Rodriguez] Today, we are talking about deceptive appearances. We are answering a letter from Jorge Arias Padilla from Manicaragua, Villa Clara, who motivated us to touch on this topic even though his extensive letter covered many other issues.

[Sexto] Let me continue with what I was just saying. It is possible for someone to have a taste for things foreign and be an enemy of the Cuban revolution. That is a possibility. But...

[Rodriguez, interrupting] But it can also be that they sport short hair, are well dressed, well groomed, like Cuban music...

[Sexto, interrupting] And can still be an enemy of the Cuban nation. In other words there is no comparison; we cannot judge. We cannot establish an automatic link between one thing and the other. I believe that is a negative in this country and at this time, when our nation needs the unity of all the Cuban citizens, of all the people; unity around several basic programs like independence, and social justice. We cannot be dividing citizens — the people — on the basis of their taste for rock or Cuban music. We cannot divide men into believers and nonbelievers. There is nothing as counterproductive as separating people on the grounds of secondary aspects. I believe that we must all agree that we must defend the nation's independence. Therefore, if we are going to establish some separation, we must establish the difference between those who are in favor of independence and those who are not. If we are going to make a division, we must draw the line among those who are in favor of social justice and those who oppose social justice. I believe that those would be the divisions — if we must make divisions — that must be made at this time in our country.

[Rodriguez] Undoubtedly, this is one of the principles taught by Marti. I would add that we must make the division between those who are for the fatherland and those who oppose it.

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[Sexto] In a nutshell, that is right: Those who are for the fatherland and those who oppose it. We cannot divide men, because it would be a crime against humanity to divide them by race or by origin. All this is very negative. But at this time it is even worse, because at this time, unity is the main axle of our country's survival. That is important to remember. Therefore, we cannot isolate our citizens, or label them because they prefer to wear their hair this way or that, or because they prefer to dress this way or that, or because they prefer rock over Latin music. This young man from Manicaragua says that he does not like Cuban music and even wonders why. I might add that our media do not make a correct selection of Cuban music because they are not playing all types of Cuban music. They are narrowing the selection of the Cuban music that some people could reject. I might not like salsa, and like [Ernesto] Lecuona a lot. However, I do not hear Lecuona played on the radio.

[Rodriguez] I believe that this young man is part of a generation whose culture was formed by listening and seeing foreign music on the radio and television — perhaps too much foreign music — and as you said, perhaps not the best of Cuban music.

[Sexto] Exactly, that young man has received foreign cultural patterns and he is a Cuban who loves his fatherland, is concerned about his fatherland's wellbeing, but likes rock. We cannot isolate him; we cannot separate him. We must do what the youth did several years ago. Do you remember the famous Maria's Corner in Plaza Municipality, where rock fans gathered? The communist youth took it over.

[Rodriguez] In Villa Clara there is still a place where rock fans meet.

[Sexto] Why then? We must support them because here, in this country, there have to be people who like rock. Why should we condemn them because they like rock?

[Rodriguez] There are many cultural differences.

[Sexto] Some like jazz, others like to wear sandals. Why should we condemn them for that? Perhaps they are right after all — the proper shoe wear for this climate is the sandal. The problem is that our machista society sees shoes as part of the macho dress code.

[Rodriguez] For example, we frown on someone entering certain places wearing shorts and a t-shirt in a country where...

[Sexto, interrupting] Yes, at times we do not like people wearing t-shirts in a place where it would be logical to wear a t-shirt. However, we also see bare-chested people in the streets at seven in the morning, and we tolerate it. I really believe that is unbecoming.

[Rodriguez] Luis, we just got a call from a listener telling us that Maria's Corner is still active. We used the past tense.

[Sexto] And why not? It should be supported by the people. Because those who like rock must have the right to like rock and listen to rock. We cannot advocate the opposite.

[Rodriguez] At times, when someone supports or does not support certain local rule or management decisions at an enterprise, that person is ostracized and labeled. I believe that is another aspect of the issue of appearances. We also have to keep that in mind. Opinions do not have to concur. As long as we all work toward the same goal, and that person who has a different opinion is capable of supporting a policy or management decision he disagrees with, why ostracize him?

[Sexto] This country declared war on unanimity years ago. Of course, anyone who has a certain post or position of authority likes to have unanimity. It is very comfortable; it makes things easier than having to coexist with opinions that differ. I believe this is very difficult because it gives room for a very rich debate among the people. One of the requirements for social development is social debate, the clash of ideas. We cannot issue definite judgments on someone for having opinions which might disagree with the society's predominant views or ours.

We have to seek the essence — never the appearances — because as you said earlier, someone might say they are highly revolutionary and yet his actions reflect the complete opposite. We would be judging people on appearances. We cannot pass judgment for always showing up at the Revolution Square for ceremonies summoned by the party or provincial government. We should judge people on attitude, commitment, dedication to do a good day's work. Generally, in this country we have judged people by their lungs rather than their actions.

[Rodriguez] I also remember cases reported by the newspapers, like that about the Cement Shoguns in Santiago de Cuba.

[Sexto] That was many years ago.

[Rodriguez] Yes. On that occasion, a female worker confronted an entire group of men who were trying to divert attention from the factory's main goal — production — by stressing secondary issues which only produce white noise.

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I have seen that everywhere. There are as many different opinions as people. We all have our personal opinions which might not coincide with yours. Therefore, we have to keep in mind that there are many opinions but we have to choose only one. Who is the leader? This person, fine — let's find a consensus around him and those who want to join in, even if they are of a different opinion, should be welcomed to join in.

[Sexto] We cannot disenfranchise [apartar] people; we have to unite people. That is the essence of the political and revolutionary work in our country: To unite the people around essential, decisive, defining national values; to close ranks around independence, social justice, and the survival of the Cuban Revolution. We have to, necessarily, come to the conclusion that the worst tragedy that could befall this country would be to lose the Revolution. We are not going to help the enemies of the Revolution by thwarting and dividing the people.

[Rodriguez] Definitely! We have to stress: Watch out for appearances, they are always deceiving. In Cuba we have to keep in mind that those of us who support the fatherland will remain united regardless of clothing, music preferences, or anything else, as long as we all support the fatherland.

[Sexto] That is what defines the Cuban people.

## Haiti

### FNCD Candidate for Deputy Assassinated

*PA2806005295 Madrid EFE in Spanish 0012 GMT 28 Jun 95*

[FBIS Translated Text] Port-au-Prince, 27 Jun (EFE) — One candidate for deputy for the National Front for Change and Democracy [FNCD] was assassinated today, two days after the legislative and municipal elections, which were held on Sunday. Jean-Charles Henock, candidate for the Anse d'Hainault district, died from two gunshot wounds.

FNCD leader Evans Paul reported this afternoon that a delegation of his party traveled to the Grande Anse Department to obtain more details of the incident.

The Provisional Electoral Council [CPE] plans to announce the final results of the elections, which were severely criticized because of their technical deficiencies, in about 10 days.

The FNCD is the coalition that brought Jean Bertrand Aristide to power in the general elections of 1990.

This time, the Lavalas Political Organization [OPL], which endorsed Aristide's presidential candidacy, conducted its own campaign, with the support of the extant president.

### Election Notes, Election Board Rejects Call for Annulment

*FL2706154995 Nassau Bahamas Radio Network in English 1130 GMT 27 Jun 95*

[FBIS Transcribed Text] Nine months after the return of President Jean—Bertrand Aristide to Haiti, the first round of elections took place there over the weekend. Although the process itself was peaceful, reports coming out of Haiti say there were numerous irregularities. Jerome Sawyer reports.

[Begin Sawyer recording] It was estimated that only 50 per cent of the registered electorate turned out to the polling stations to vote in Sunday's elections in Haiti. Some 3.7 million Haitians registered — the largest amount ever to vote — in the first democratic elections in Haiti since the return of President Jean- Bertrand Aristide to power nine months ago. Nearly 1100 candidates representing two dozen political parties attempted to fill the 2195 electorate offices. Just about every elected post in the country except that of the president was up for grabs. Reports on national television Sunday showed numerous irregularities at the polls. In some cases there were insufficient ballots, some were missing and there were even cases of misprints. Pictures and symbols had to be used because of the high rate of illiteracy. Many voters readily admitted they couldn't remember where they registered or where they should vote. Some stations were reported to be in the wrong places, while others didn't open at all. Transportation was restricted by the provisional electoral council, CEP. Many voters decided not to vote rather than walk to the polls.

According to an official at the [word indistinct] in Haiti, there was also talk that opponents of the elections were spreading propaganda about the election violence in an effort to discourage voting. Haitian radio reported earlier on Monday that several political party members are calling on the CEP for the cancellation of the elections but there is no word on whether that will happen.

Counting of the ballots is said to be going slow and results are not expected before the end of the week. The United Nations protection force has been providing blanket security for the entire country throughout the process, and, generally, the elections have been calm and peaceful.

Sunday's elections provided the prelude to the presidential election in November, at which time President Jean-Bertrand Aristide's successor will be chosen. Reporting for ZED News, I am Jerome Sawyer. [end recording]

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And there was reaction to the Haitian elections from two local businessmen with Haitian connections yesterday.

[Begin recording] [First unidentified speaker] I am very glad and very happy to see that the new country process is going [word indistinct] and I wish them very good luck [words indistinct] that at least in the beginning something is happening now.

[Second unidentified speaker] I was very pleased to see the elections took place [words indistinct] I am hoping that democracy will start [word indistinct] and one day Haiti will become a democratic country. [end recording]

[Later in the broadcast, the announcer reported among international headlines: "The electoral board in Haiti has rejected a call by political parties for parliamentary elections to be annulled because of irregularities."]

**Candidates Report Errors, Demand New Round of Elections**

*PA2806000195 Mexico City NOTIMEX in Spanish 2102 GMT 27 Jun 95*

[FBIS Translated Text] Port-au-Prince, 27 Jun (NOTIMEX) — Diplomatic sources have reported that about 100 candidates today asked the Haitian authorities to call for new elections in the country's eastern region because of the large number of irregularities in the recent legislative and municipal elections.

Micheline Begin, deputy director of the UN Observers Mission, said that more than 100 candidates for deputy and mayor signed a document demanding that the Provisional Electoral Council repeat the election. The candidates protested errors in electoral ballots, as the result of which the names of some candidates were excluded. This omission caused confusion among the voters, Begin said.

Approximately 3.5 million Haitians cast their votes on Sunday to elect the 83 members of the Chamber of Deputies and 18 of 27 senators and renovate 200 municipal councils. The elections were marked by disorganization in opening and closing voting sites. Hundreds of citizens were unable to cast their votes because they could not locate their polling stations.

Begin said that the Provisional Electoral Council, managed by the government, has sufficient authority to approve new elections. "I think the situation in general is positive. The glass is either half full or half empty. This is a new democracy. We expect the glass to be half full next time around," she said. The problem of the excluded candidates could be settled during the second electoral round, which will be held on 23 July, she said.

Brian Atwood, the head of the U.S. mission in Haiti, said that in the elections the Haitian people expressed their opinions freely and that the errors were caused by inexperience rather than fraud.

The observers' view contrasts with that of Haitian political parties, which have charged the Electoral Council with "incompetence" and a clear inclination toward the coalition that supports President Jean Bertrand Aristide.

The General Confederation of Haitian Workers reported that 80 percent of the electoral process was successful. The union invited the authorities to take measures and prevent these mistakes in the next round.

According to an OAS report, about 50 percent of the voting age population participated.

Last Sunday's elections were the first held in Haiti since the elections that took Aristide to power in 1991, when he was deposed by a coup.

**Aristide Admits To Irregularities in Elections**

*PA2806024595 Madrid EFE in Spanish 0134 GMT 28 Jun 95*

[By Jean-Francois Herold]

[FBIS Translated Text] Port-au-Prince, 27 Jun (EFE) — Haitian President Jean-Bertrand Aristide today admitted to irregularities in last Sunday's legislative and municipal elections but urged the political parties to promote calm in the country.

Aristide said that he admits there were technical deficiencies in the elections, which were called to restructure the Chamber of Deputies, the Senate, and municipal councils. Aristide, who was democratically elected on 16 December 1990, said: "Despite everything, this election represents an important stage in the consolidation of Haitian elections. This is only the second time that free elections have been held in this country."

Political leaders and international observers have pointed out several errors to the Provisional Electoral Council [CEP], errors that kept many would-be voters from casting their votes and virtually canceled the elections in at least three zones.

Aristide called for dialogue to guarantee better organization for the second round scheduled for 23 July. He said he intends to meet with political leaders to encourage this national dialogue. He asked the parties to demand calm and composure from their active members. "Social calm is indispensable for the country's progress," Aristide said, describing as a victory the scant violence in the country during the elections. In fact, the second

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assassination in a week, linked to the legislative elections, occurred today, Tuesday, when one candidate for deputy for the National Front for Change and Democracy [FNCD] lost his life. Jean-Charles Henock, candidate for the Anse d'Henault district, died of two gunshot wounds.

FNCD leader Evans Paul announced this afternoon that a delegation from his party traveled to Grande Anse Department to obtain details about the incident.

The CEP plans, within 10 days, to release the official results of the elections, which were highly criticized because of the technical mistakes that were made.

The FNCD is the coalition that led President Jean-Bertrand Aristide to the presidency in the 1990 general elections.

This time, the Lavalas Political Organization (OPL), which promoted Aristide's presidential candidacy, conducted its own campaign with the current Haitian president's support.

European and Latin American diplomats today agreed that there were irregularities in Haiti's legislative and municipal elections last Sunday, but they do not believe it would advantageous to annul the elections.

According to several ambassadors, an examination of the elections should be based on the reality of a country that is just getting started in electoral matters and which has taken another step toward democracy.

Diplomats questioned by EFE, who asked not to be identified, also confirmed that many schools opened late and that there was a shortage of electoral material.

One Central American diplomat rejected the fact that the elections seemed to favor the OPL because President Aristide, one week before the elections, asked the electorate to support that group.

In the diplomats' opinion, the CEP and its president, Anselme Remy, are responsible for the disorganization that prevailed during the process.

The Haitian people went to the polls on Sunday to renew the Chamber of Deputies (83 members), elect 18 of 27 senators, 200 mayors, and 525 municipal legislators.

**Paul Proposes Aristide Remain in Power 3 More Years**

*PA2806032495 Madrid EFE in Spanish*
*0204 GMT 28 Jun 95*

[By Herold Jean-Francoise]

[FBIS Translated Text] Port-au-Prince, 27 Jun (EFE) — Evans Paul, leader of the National Front for Change and Democracy (FNCD), today proposed that Haitian President Jean Bertrand Aristide remain in power for three more years to make up for the time he was in exile.

"I do not want the elections to be held this year," Paul, who is the Port-au-Prince mayor, pointed out. He explained that these statements are his personal opinion and that he did not utter them on behalf of the FNCD, which helped Aristide reach power in 1990.

In the 25 June legislative and municipal elections, Aristide supported the Lavalas Political Organization (OPL), which joined the FNCD for the 1990 presidential elections. Aristide's political foundation, however, lies in the Lavalas group.

Once the results of the legislative and municipal elections are made public, Aristide must summon presidential elections in December 1995 and must surrender his post on 7 February 1996.

However, a military group headed by General Raul Cedras ousted the Haitian president on 30 September 1990, and it was not until three years later, on 15 October 1994, that Aristide was able to return to Haiti thanks to the international community and to a U.S. military intervention.

According to Paul, the presidential elections slated for late 1995 would create many problems. This is why he had rather have Aristide make up for the time he lost.

"If we had many problems in these legislative and municipal elections, the problems will be even larger during the presidential elections," Paul maintained during a telephone interview.

The mayor of Port-au-Prince proposed a political dialogue about the possibility of extending Aristide's mandate for three years.

However, he warned that type of consensus cannot be linked to "maneuvers and intrigues."

To Paul, those who think that with a simple parliamentary majority they can amend the constitution and keep Aristide in power are mistaken. Without a consensus, he maintained, it will not be possible.

Paul's proposal is in line with the message that was most widely promoted during the campaign for the legislative and municipal elections: "We will not negotiate President Aristide's three years in office."

No individual or political group has claimed responsibility for such messages written on many walls of Port-au-Prince.

Aristide, however, has maintained that he will end his mandate in February.

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"At the National Palace, on 7 February 1996, I will greet my successor, who will tell me so long," Aristide stated on Saturday during a news conference with Bryan Atwood, chief of the Agency for International Development (AID).

In addition, Paul ruled out that Aristide's direct support for the Lavalas group clearly defined the legislative and municipal elections, whose official results will be announced in a week.

He rejected the theory that if Aristide supports a candidate he will win the next presidential elections.

"Things were not that easy for the Lavalas Political Organization in the legislative elections," Paul maintained. Paul proclaimed the FNCD victory.

Paul thinks that if Aristide cannot remain in his post for three years three or four candidates for president must emerge from the "democratic sector."

**Aristide Opponent 'Counting On' Friends in U.S. Congress**

*Port-au-Prince Signal FM Radio in French*
*1030 GMT 27 Jun 95*

[FBIS Translated Text] The situation in Limbe has returned to calm a few days after the criminal arson that consumed the local electoral office on the night of 23 June. Sources close to UNMIH [UN Mission in Haiti] have confirmed that everything is back to normal in Limbe. Incidents broke out on Sunday when young voters, most brandishing voter registration cards, attacked the home of former Deputy Duly Brutus with rocks. They accused Brutus of being involved in the crime committed against the Limbe BEC [Communal Electoral Office]. The demonstrators said they were frustrated at not being able to do their civic duty.

For his part, the outgoing Panpra [National Progressive Revolutionary Party of Haiti] deputy accused of being at the root of this situation — interviewed by Signal FM — thinks he had every chance of winning. Brutus, one of President Aristide's fiercest opponents, whose party opposes the presence of foreign forces in Haiti, says he is counting on his friends within the U.S. Congress and the French political class to redress the situation in this country. Brutus answers Dorvil Kenol's questions:

[Begin recording, in Creole] [Brutus] Well, I myself find that the word irregularity is one that I prefer to leave for the foreign diplomats, who speak of irregularities. As far as we are concerned, what there was in this election was fraud, massive electoral fraud.

And I had seen, that Friday evening — following, as everyone knows, a conflict that occurred between two Lavalas cartels running for city hall in Limbe, (?that) were accepted by the BEC... [pauses] by the CEP [Provisional Electoral Council].... [sentence unfinished as heard] They sent ballots for one and not for the other. Thus, that gave rise to a lot of problems within the Lavalas sector in Limbe. Many people think that it was from those two camps that the people who set fire to the BEC came.

And I must tell you that on Sunday, at 0825, I was told there was a group in front of the house. There was, indeed, a group of 15 people, among them many children [ti moun], who invited me to come outside so they could stone me to death. Those were their very words, the words that they used. Well, it was those people, who numbered some 15, who demonstrated in front of my house. But in fact it was not a demonstration. They told me they had come to kill me that very day.

So, I ignored them. I went inside my house and began (?visiting) with a few people who were there with me, on Sunday morning, and the group began throwing rocks at the house. They threw rocks at my house, broke the windows in the house, trashed the car under a hail of rocks, and [words indistinct] was struck, an elderly gentleman 78 years of age who works in Limbe, is well-respected in Limbe. He had been working as a surveyor for 45 years and is still doing so at 70 years of age. Thus, you can see that those young people, well, [words indistinct]. They are fresh, ill-bred people who [remainder of sentence indistinct]. [end recording]

The Panpra deputy painted a somber picture of Haiti's current sociopolitical situation and declared that the climate is not propitious for a second round of elections. Duly Brutus says he is counting on the understanding of the members of the government to limit the damages of [words indistinct].

[Begin Brutus recording] My analysis is that there are many [words indistinct], and I would hope the government not [loss of reception of several seconds].

The second thing: We of the Panpra have always said that what is important to us — and we think Haiti has once again missed another enormous opportunity in its history — is that, if the government, if the president of the Republic had avoided involving himself in this electoral campaign the way they did...[pauses] We see that all the (?vice-delegates) forgot that they represent the state. They threw themselves heart and soul into the electoral campaign. (?Those gentlemen) are armed and are exerting pressure to make people vote for Lavalas. So, as of that moment, the elections are not democratic. [Words indistinct] image, but what happens is that today Haiti needs for a group of foreign investors

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to come invest in Haiti so as to effect this country's economic development. We have just benefited from great international propaganda; now is the time to take advantage of that propaganda. Unfortunately, with these elections, Haiti will not be able to take advantage of that propaganda. [sentence indistinct] [end recording]

**Union Observers Call 25 Jun Elections Free, Fair**

*Port-au-Prince Radio Metropole in French*
*1600 GMT 27 Jun 95*

[FBIS Translated Excerpt] National and international observers, from Haitian and U.S. unions, maintain that last Sunday's elections were free elections, despite irregularities — which they refuse to consider cases of fraud. The Haitian unionists proposed their support with a view to the success of the second round of elections. The American Workers Federation [Federation Americaine des Travailleurs], for its part, made certain recommendations to the electoral council [Provisional Electoral Council, CEP]. Guilloto Francois reports.

[Francois, in Creole] Despite the irregularities and certain evil acts that occurred during the election process, a group of American unionists who were present during the elections as international observers say that what they saw in Port-au-Prince on 25 June was evidence of the good faith of the Haitians, who showed they are determined to take the path of democracy.

As regards the protests the political parties have begun to make, claiming that crooked wheeling and dealing took place during the elections, James [last name indistinct], who is responsible for information within the American Workers Federation, said that even in big countries that have experience in holding elections there are always little problems. [passage omitted including recorded statement by U.S. unionist]

The Haitian unionists who participated as observers for Haiti, for their part, made almost identical comments. The Haitian unionists consider the elections a success to a degree of over 80 percent. They hoped that during the second round of elections on 23 July the CEP will make a greater effort to correct what was missing in Sunday's elections. In that connection, the Haitian unionists announced that they are ready to give the CEP their total support. In order, here are Dacius Louisius and Porcenet Joachin, of the CGT [General Federation of Workers]: [passage omitted consisting of recorded statement by Louisius]

[Porcenet] I want to formally deny certain things that certain political leaders have been saying, such as that their representatives were thrown out, that the military fired weapons, that the military pressured the party representatives, and that the authorities pressured the representatives to not vote for their members [as heard]. We say: That is not at all true. Not only did the CGT not see, but also our other fellow unionists [kamarad] — who are in the union movement and who were observing — did not see any such incidents. It was, rather, the party representatives themselves who were meddling verbally in (?certain) activities. We ourselves [words indistinct] to say no. [end recording]

The 25 June elections, which are being criticized by a goodly part of the political class, seem to be considered a success by the unionists, who said that this is the second time democratic elections have been held in Haiti. The unionists say that a strong majority of the 50 percent of the population that voted in these municipal, local, and legislative elections came from the working class. The union corps says that it will be present again during the second round of elections on 23 July. Moreover, the Haitian unionists think the CEP is going to make a greater effort to prevent what they called the little irregularities that the political parties are denouncing. [end recording]

**Remy: Election 'a Victory for the Haitian People'**

*Port-au-Prince Signal FM Radio in French*
*1030 GMT 27 Jun 95*

[FBIS Translated Text] The Provisional Electoral Council [CEP] is very happy with the elections of 25 June. CEP president Anselme Remy said he is satisfied with the day of electoral operations. Mr. Remy, who said this during a news conference, yesterday called Sunday's elections a victory for the Haitian people.

The elections were honest and credible, said Remy, maintaining that no election in Haiti has been better organized. Regarding certain irregularities noted during the voting operations, Mr. Remy said he was aware of them. According to him, these breaches were connected to the shortness of the period alloted for organizing these elections. Despite everything, the operations went well — he maintained. The CEP president does not intend to give in to criticism. The results will be announced soon, and upheld — he confided. However, he invited those contesting the elections to do so through legal channels. Let's listen to the president of the CEP.

[Begin Remy recording, in Creole] We censure all acts of terrorism of the anti-democracy forces in the country that used violence to try to prevent the elections from being held — who fired on people, burned down polling stations, trashed CEP vehicles, seized and burned materials. They did everything they could to prevent the election from being held, but they failed. They failed and they will continue to fail. In the last

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analysis, it is as history, [repeats] as history that they will hear people talk about them.

And we consider these elections a victory, despite the fact that (?they had) their little weaknesses. And that victory is a victory not of the CEP but of the Haitian people, who suffered greatly in order to be able to realize the 25 June 1995 elections. [end recording]

That was a statement by Anselme Remy, president of the CEP.

**Cap-Haitien Explosion Said Linked to Politics**

*Port-au-Prince Radio Metropole in French*
*1600 GMT 27 Jun 95*

[FBIS Translated Text] There was an explosion in Cap-Haitien Sunday night. An explosive device was thrown at a group of houses. One person was killed, five were injured, and eight houses caught on fire.

[Begin recording in Creole] In Cap-Haitien, unidentified individuals threw an explosive device that left one person dead and five wounded — among them a child — on 2-L Street, very near the home of a candidate for mayor who had participated in the 25 June elections: Mr. (Ernst Bien-Aime), of Conacom [National Congress of Democratic Movements]. The device was thrown (?at around) 0200. The explosion burned down eight houses inhabited by [words indistinct] and caused great panic among neighborhood residents.

According to the information we were able to obtain, the incident is connected to political matters. The police in Cap-Haitien said they are not yet able to state with certainty the explosive device used. They are investigating to determine the perpetrators. [end recording]

**UN Asked To Set Up 'Information Center'**

*Port-au-Prince Signal FM Radio in French*
*1030 GMT 27 Jun 95*

[FBIS Translated Excerpt] The Republic of Haiti advocates the installation of a UN information center on Haitian territory — according to reports broadcast by UN radio within the framework of its broadcasts to the French-speaking Caribbean. The Haitian Government has already requested that the United Nations set up an information center in Port-au-Prince, in conformity with Resolutions 38 and 82-B, adopted during the UN General Assembly, during which the participants pointed out the need for a bilingual French and Creole information network in the Caribbean.

(Antonio Rodrigue), the Haitian Government representative charged with this issue, stressed the role of information in consolidating democracy. Moreover, Mr. (Rodrigue) says that the current government accords great importance to information, the principal tool for furthering the education of the Haitian people. [passage omitted]

**Decree Revokes Certain Media Licenses To Operate**

*Port-au-Prince Signal FM Radio in French*
*1030 GMT 27 Jun 95*

[FBIS Translated Text] Certain Haitian media will soon stop all broadcasting in Port-au-Prince. A presidential decree advises owners of radio and television stations whose permits or licenses to operate cable services or broadcast over radio were issued between 30 September 1991 and 15 October 1994 that as of the publication of this decree, these permits are revoked.

Article Two of this decree says these stations are to stop all broadcasting and free the channels and frequencies that were assigned to them. The stations not affected by this measure may continue to operate normally, but under no circumstances may they use the channels and frequences previously removed by contract from concessionaires of the state, under pain of sanctions provided for by law.

Article Three stipulates that currently pending requests for a concession, permit, or licence, and those made during the abovementioned period — that is: between 30 September 1991 and 15 October 1994 — will be registered within a reasonable period of time according to the legal procedure in force. These permits or licences, accorded by the competent agency, will be exploited without causing prejudice to the channels and frequencies previously allocated by contract to concessionaires of the state — concludes this presidential decree signed by President Aristide, Prime Minister Smarck Michel, Public Works Minister Georges Anglade [title as heard], Interior Minister Mondesir Beaubrun, and Information and Coordination Minister Henri-Claude Menard.

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**EZLN Criticizes Expulsion of Priests From Chiapas**

*PA2706143595 Madrid EFE in Spanish 0931 GMT 27 Jun 95*

[By Fredy Martin Perez]

[FBIS Translated Excerpt] Lacandona Jungle, 27 Jun (EFE) — The Zapatist guerrillas have criticized the expulsion of foreign priests Rodolfo Izal, Loren Riebe, and Jorge Alberto Baron from the San Cristobal de las Casas Diocese (Chiapas, Commander "Daniel" has informed EFE.

On Friday, the Mexican Government deported the three priests, close aides of Bishop Samuel Ruiz, after accusing them of taking part in activities banned to foreigners — namely, "inciting others to seize lands and make threats." Commander "Daniel," a member of the Clandestine Indian Revolutionary Committee and the top command of the Zapatist National Liberation Army (EZLN), said the priests who were helping Bishop Ruiz have only talked about the words of Jesus — "of exploitation, poverty, and suffering" — but he did not participate in organizing or inciting violence.

"None of the priests who worked in the San Cristobal de las Casas Diocese organized us, and this is why we permitted them to join the EZLN and fight for our rights," the Zapatist leader stated.

The three deported priests were performing pastoral work in the parishes of the San Cristobal de las Casas, 800 km southeast of Mexico City and near the area in which the Zapatist guerrillas have their greatest influence.

The guerrilla leader recalled that 10 years ago he stood by the side of the priests and the bishop, "talking of God in the villages, but then I saw nothing come of this, and I left to join the EZLN, in which I am now a commander." [passage omitted]

"Daniel" noted that Bishop Ruiz Garcia, chairman of the National Mediation Commission (Conai), never talked to the rebels about getting organized: "He spoke to us about the word of God, about poverty, but he never told us how to overcome it."

The rebel denied the bishop promoted the guerrilla movement, as the Mexican Government and groups of local ranchers and property owners claim.

"We know there are groups opposing Bishop Samuel Ruiz that stage protests against him in San Cristobal de las Casas, accuse him of leading the EZLN and of being a Zapatist commander, and blame him of organizing and leading us, but they are wrong," he affirmed.

The Indian rebel noted that Bishop Ruiz's tenure at the head of Conai is very important as a mediator in the peace process between the Zapatist guerrillas and the Mexican Government. The leader warned that the bishop's absence as mediator in the process could halt the negotiations.

**El Barzon Movement Threatens to Paralyze Banking System**

*PA2706181195 Madrid EFE in Spanish 1626 GMT 26 Jun 95*

[FBIS Translated Text] Mexico City, 26 Jun (EFE) — Approximately 850,000 Mexican farmers, merchants, and industrialists have threatened to paralyze the banking system if the Finance Secretariat and the commercial banking sector does not agree to renegotiate their debts by 18 September.

The warning was made by "El Barzon" movement, an association established in 1993, that includes Mexican merchants among its members. The merchants are now confronting the bankers who are charging excessive interest rates on the loans obtained prior to the economic crisis.

El Barzon Movement President Juan Jose Quirino announced the measure during the organization's first national congress. He demanded that authorities renegotiate the overdue loans at lower interest rates and before 18 September. If not, Quirino told EFE, the members will occupy the offices of the most important banks in the country to paralyze the banking system nation-wide, as they did in the western Michoacan state last week.

The merchants fell behind on their loan payments after the banking sector increased the interest rates because of the economic crisis that arose last December, when the government of Ernesto Zedillo devaluated the Mexican currency.

According to information provided by El Barzon Movement, its members have outstanding debts of 23.500 billion new pesos (approximately $3.916 billion.) This amount is 20.43 percent of the banking sector's total amount of overdue debts, which amounts to 115.000 billion new pesos (approximately $19.166 billion.)

A Credit Administration System (SAC) report indicates that the Mexican portfolio is five times bigger than the one held by the United States and four times the one of Canada and that two out of every four debtors owes more than three payments.

Jesuit priest Juan Auping also participated in the congress. He called the members not to pay "the usurious rates" charged by bankers who do not comply with the

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Seventh Commandment: "Thou shalt not steal." According to the Dutch priest, who has a doctorate in economics and is a university professor, "Christians are not obliged to pay" because it is an immoral measure that destroys the well-being of the family and which is impossible to comply. Auping said he does not fear being expelled from the country — as occurred with three priests from the U.S., Argentina, and Spain last week — because he can back his opinions with social and economic arguments.

The "barzoneros" admit they owe money but insist they will only "pay what is just" and not the amounts charged by banking institutions, whose overdue portfolio grows 17 percent every month. The group proposes that their loans be restructured on terms of 15 to 20 years, interest rates that do not exceed eight percent a year, and the suspension of the embargos, because their properties are "the pillar that will allow us to pay the loans."

Next week, "El Barzon" movement representatives will initiate a "international tour", to request the intervention of Pope John Paul II, Amnesty International, and the United Nations so as to get the bankers and the Finance Secretariat to negotiate with them in September.

**Cetes Interest Rates Register 4th Drop**

*PA2806041595 Mexico City NOTIMEX in Spanish 0201 GMT 28 Jun 95*

[FBIS Translated Text] Mexico City, 27 Jun (NOTIMEX) — Today, the interest rates on Treasury Certificates (Cetes) registered their fourth consecutive drop in all of its issues, and its 28-day prime rate reached 40.75 percentage points.

The (Central) Bank of Mexico [Banxico] stated the 28-day issue, which is considered the prime rate on the market, decreased by 3.5 points compared to the previous week, the reason why this issue will yield 40.75 percent annually at maturity time.

As Banxico made public the results of this week's auction, it reported that the 91-day Cetes dropped by 3.37 percentage points and that their primary rate reached 41.48 percent.

The yield of the 182-day government bonds dropped by 2.34 percentage points compared to last week's auction, and their interest rate amounted to 42.24 percent.

Banxico also reported that the 3.5 billion pesos ($555 million) it offered in all Cetes issues were placed.

Analysts from the financial groups Serfin and Probursa explained that the expectations for lower inflation rates for the upcoming months were among the factors that triggered the fall in the Cetes interest rates; they assessed, however, that the stability of the exchange rate is necessary for the interest rates to maintain their downward trend, supported by lower inflation rates.

A stable exchange rate, they added, is a condition to lure foreign investments and to instill confidence among both domestic and foreign investors.

During this week's auction, Banxico placed 400 million new pesos ($63 million) worth of 364-day Federal Government Development Bonds (Bondes), the placement price of which was 98.70 new pesos. In addition, Banxico placed an equal amount of 728-day Bondes at a price of 97.68 new pesos.

**Government Approach to Chiapas Faulted**

*95CA0281A Mexico City LA JORNADA in Spanish 20 Jun 95*

[Commentary by Antonio Garcia de Leon, Chiapas history specialist: "The Necessary Step"; received via Internet]

[FBIS Translated Text] Prior to 1994 there was a system under which the government confronted social movements with relative success, especially the peasant movement. The latter's retreat, which until that time had appeared to be final, had taken shape in the counter-reform of Article 27 that the Salinas team had engineered with the complicity of the "peasant" leaders who make up the Permanent Agrarian Congress, that "consensus-building" forum that had jurisdiction over all rural conflicts.

After that point, there was a change in the equilibrium of that system and the legitimacy of the "sectoral" forum that allowed for compartmentalized negotiations, in which any outbreak of dissent was immediately placed in the category of "social consensus-building." In other words, the main premise that was imposed had to be followed: All demands were reduced to their minimum expression, trivialized, and negotiated separately. Politics, or "things political," was the exclusive purview of the government and its party.

This discretionary agreement was destroyed in a matter of hours, along with many aspects of the Salinist system, merely because of the absurdity of a localized revolt that called into question the alliances that allowed the neoliberal plan to proliferate unheeded. This revolt by definition took the political system by surprise, declared war on the system from the outset, and precipitated the much-accelerated disintegration of that system.

That is also the reason why local problems—agrarian, economic, labor, electoral, etc.,—have been impossible to resolve since then except in the context of a comprehensive political negotiation in which the government,

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naturally, wants to cheat. It is always trying by any means possible—even illegal ones—to regain its former hegemony.

This situation, which undoubtedly began at that time, is national, and it has even developed in a parallel manner independently of the conflict based in Chiapas: Most of today's dissidents, whether rural or urban, whether their causes are electoral, labor-oriented, or economic, view the possible solutions in different terms. The government responds to them with increased harshness and insensitivity, resorting to defense mechanisms that are totally illegal.

The specific problems of the indigenous and peasant communities—in Chiapas and many other places—have taken on a national dimension, although the government is incapable of grasping that the "indigenous problem" or the "agrarian question" is no longer a small, isolated, marginal matter.

This is the origin of the government's insistence on beginning all negotiations with the "economic" issues and starting off in an atmosphere of intimidation and tension, in which even the political aspect of the autonomies becomes a simple matter of "apportionment" of small amounts of funding on an ad hoc basis without getting to the root of the problem. Such is the case with the negotiations undertaken by peasant leaders who, beset by repression, have agreed to go to the negotiating table in Chiapas with the "encomendero" [holder of an "encomienda," or royal grant of Indian tribute, during the colonial period] Dante Delgado, in the hopes of solving an interminable series of longstanding agrarian problems or conflicts that have been heightened by the ominous counterinsurgency campaign carried out in the context of the militarization of that state.

In the final analysis, because of its very nature, the government will not negotiate the political aspect or undertake agrarian reform in that negotiation. And in the effort to restore the previous state of affairs, the negotiator represents, more than ever, the maintenance of the ancien regime: agrarian injustice, cacique power, white guards, or the dominance of a corrupt order that thinks it has already won that war and has staged a pinata to compensate estate owners—most of them PRI [Institutional Revolutionary Party] politicians—with $68 million.

For the October "elections," Chiapas already has an "electoral law" in place to ensure the ruling party's abuse and the "unquestionable triumph" of its candidates. For this purpose, it is counting on the attrition and division of a movement besieged by repression and violence.

Hence the importance of political perception in the negotiations, of political discussion at a time when everything stems from the urgent need to move toward a legal and democratic order in the country. And this dimension has been the toughest nut to crack in the stalled negotiations between the Zapatist National Liberation Army (EZLN) and Zedillo's envoys in San Andres. This explains, in part, his "authoritarian regression," insofar as the government is not willing to negotiate its "political-military hegemony."

And just like the Maximato, this regime considers social issues separately from economic ones, and in keeping with its profoundly conservative nature, it continues to think that the problems of Chiapas and of the country are "technical," something that can be "improved" without altering the nature of old established alliances. In other words, the government is not even willing to sacrifice the smallest regional caciques for the good of the country, because it feels, perhaps rightfully, that this would unleash an uncontrollable chain reaction. The results of this stubbornness are plain to see, and they are spreading dangerously from the southeast.

What is really at stake at San Andres Sacamch'en is the transition to democracy, and the Zapatists have already made their contribution. Now it is up to the civil forces to provide the impetus by moving beyond their confusion and attrition and exerting a strong enough pressure to burst the bubble of power that is now coming apart on its own.

The fact that the EZLN's members are mostly Indians lends more belligerence to the national cause; it does not limit the cause to the regional and "indigenous" sphere, nor does it in any way limit their right to present their national plan to society as a whole. The main obstacle is the apathy and demobilization looming on the horizon, or the weakness of civil society and the blurring of the opposition parties. In the terminal crisis of an authoritarian system, at the end of a prolonged dictatorship, we do not have a coherent and concrete coordination to lead us to a broad front, even though everyone, ensconced in different trenches, insists on the need for a unifying movement to precipitate the fall of the old order.

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## El Salvador

### Minister Confirms Financing Obtained in Paris

*PA2806041995 San Salvador LA PRENSA GRAFICA in Spanish 27 Jun 95 p15a*

[Report by Roberto Aviles]

[FBIS Translated Excerpt] In Paris, El Salvador obtained new financing for more than $1.3 billion, and $92 million of the overall figure will be specifically used to finance the peace agreements. These funds do not represent a total sum of past or future aid as some government officials reported on Friday.

Coordination and Social Development Minister Ramon Gonzalez Giner confirmed all this information yesterday upon his return from France. He added that $50 million of this financing will be in the form of loans, most of them soft loans, and the remaining $42 million will be donations.

"The $92 million will be disbursed immediately," the official explained and will be used for the agreements.

In addition to the funds for peace, the $1.3 billion include, the funds that the government has assigned for other projects to be carried out in the next years, especially those involving economic and social development.

These funds will be distributed in areas such as education, health, potable water, housing, minor and major infrastructure, local development, and the environment.

Gonzalez Giner added that the soft loans include one by the Inter-American Development Bank (IDB) for a 40-year term, with a 10-year grace period at an annual interest rate of 1 percent and 2 percent annually for the remaining 30 years.

Asked if the $1.3 billion are new funds or if there are commitments from previous years, he said: "the $1.3 billion are fresh funds that will be brought into the country in the next few years. They do not include any sums from previous years, and this was achieved because of the efforts the country is making. All of it is fresh money."

It is expected that the total amount for the peace agreements will be completely disbursed this year.

The official noted that a legal procedure must be followed through the Legislative Assembly to approve the donation and this will take one or two months.

The social and economic programs will begin in the 1996-97 period. Thus, it is expected that the disbursements will be made in accordance with the implementation of each project.

The implementation of complex projects will last several years. "It does not mean that the funds will come to the country immediately, but they have already been committed," Gonzalez Giner said.

The countries and international organizations that promised aid to El Salvador include: Canada, Denmark, Austria, Germany, France, Japan, The Netherlands, Norway, Spain, Luxembourg, Sweden, the United States, the European Union, the IDB, the World Bank, and the BCIE [Central American Bank of Economic Integration].

Gonzalez Giner ascertained that Japan offered aid for $100 million for the next four years, and the $1.3 billion only include two years of this aid. "Japan offered a minimum of $100 million per year and this is an excellent assistance for our country," he added. [passage omitted]

### Fenastras Leader Focuses on Organization

*PA2706171495 San Salvador EL DIARIO DE HOY in Spanish 25 Jun 95 p 3*

[Interview with Juan Jose Huezo, secretary general of the Salvadoran Workers National Union Federation (Fenastras), by Sandra Moreno; place and date not given]

[FBIS Translated Text] Juan Jose Huezo, 33, secretary general of the Salvadoran Workers National Union Federation (Fenastras) seldom smokes, but he lit a cigarette when the first question of this interview was asked. He is currently selling his ideas at the maquilas [assembly plant sector], mainly to female workers, so that they will organize into labor unions. To businessmen he is only saying "accept it."

While the cigarette smoke spreads in the air, Huezo says impassively: "The workers' strength lies in organization. There we can certainly kill the businessmen."

[Moreno] Why have you threatened to kill the maquila businessmen?

[Huezo] "Until a death threat is made against a maquila businessman by one of our unions, at least Fenatras — and I believe the same goes for the rest of the unions, too — I do not see that. If anyone has done so, he belongs to a past culture in which threats prevailed in order to achieve certain demands. We do not follow that line of action. I think that the workers' greatest strength lies in organization.

With organization we can kill the businessmen, but taking their lives would only complicate matters." [quotation marks as published]

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[Moreno] The owners of "Confecciones y Ensambles" [Manufacturing and Assembling] maquila, Jhon Cartaya and his mother Dona Elsa Calderin, told EL DIARIO DE HOY that they left El Salvador due to death threats from union members.

[Huezo] "There are different types of unions. In that case the workers were from another group, but we know them and I do not believe that is their style."

[Moreno] ASIC [Salvadoran Association of Manufacturing Industry] expressed support for the businessman whose life was threatened...

[Huezo] "Was there a death?"

[Moreno] No, there were always death threats.

[Huezo] "I would like to see some evidence because they keep saying: "I have been threatened." This is part of a dirty game to evade their responsibilities."

[Moreno] In your opinion, is closing a business the best fighting strategy?

[Huezo] "Not at all. Fenastras does not have an alternative solution for the high unemployment rate. Therefore, an increase is viable, as is keeping the free zones in our country as long as they comply with the legal regulations and observe the workers' rights. In this regard, to close a source of employment in El Salvador is an attack against workers."

[Moreno] If your measures lead to the closing of the maquilas, how will you manage to get jobs for thousands of unemployed women?

[Huezo] "We would have to consider various aspects. There are different organizations in the free zones, particularly in the maquila sector, some of which are there to improve the maquilas' image."

[Moreno] Which are those?

[Huezo] "We would have to look at the newspapers. Other organizations are there for purely political reasons. Remember that the elections are drawing near. There are certain deputies who believe they are union leaders, when they are not, and they are jockeying for position."

[Moreno] Are you referring to Humberto Centeno (union leader)?

[Huezo] "Not necessarily. Centeno is not currently a union leader; he is a politician. However, there are other people who are trying to maintain that image. I am here because my principle of organization orders me to organize the workers to defend their economic and social interests. My position is that the free zone businessmen should accept the labor movement within the framework of discussing the workers' demands for labor rights."

[Moreno] When a group of union members close a maquila, most workers immediately oppose the measure. Who supports those union members?

[Huezo] "A year ago, we were closing all of the free zones; today we are not. We only close maquilas where we have problems, but other other federations will stage front gate skirmishes which affect all of the workers."

[Moreno] Have you received part of the $10 million the U.S. unions have to organize union groups in this country's maquila and in the rest of Central America?

[Huezo] "No. We deny that. It is a misunderstanding. The organizational efforts were made with our own resources. The U.S. men's and ladies' clothes makers unions express solidarity with our organization, but they have never said "we will support a project to organize the San Marcos free zone." If there is a political support in the event a company is violating human rights, we send them information on these violations."

[Moreno] Is it perhaps that you want to promote abroad an image of labor instability in the country?

[Huezo] "No. In practice, we have felt that if we do not resort to the businessmen's pockets, the government will not attend our demands. In 1989, we filed a suit before the ILO [International Labor Organization] for the violation of union rights not only in the free zones, and it proceeded, because the ILO denounced El Salvador as a violator of union rights."

[Moreno] The U.S. unions want to eliminate the competition posed by the garments made or assembled in El Salvador and Central America. Are you helping them in this regard?

[Huezo] "That is not the case. The U.S. unions are not trying to block or boycott anyone. I attended a congress in Las Vegas, United States, where at first, the U.S. textile workers were jealous because jobs were going south of the border with Mexico due to NAFTA. They went there and became aware of subhuman conditions and the salaries workers were earning. They later concluded that their struggle was not jealousy, but to keep dignified and well-paid jobs. That is the reason for their political support here."

[Moreno] Was the visit of Charles Kernaghan, of the U.S. Labor Committee, not too much of a coincidence at a time when the country's maquiladoras [assembly plants] were being set up and beginning to operate?

[Huezo] "Charles is making a very significant effort to defend workers. They published a letter he had sent

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me, but he has the right to write to whoever he wants. He investigates union liberties. By the way, he once pretended to be a businessman interested in opening a maquiladora in the country.

"They told him that Juana Ramos was going to make a laughable amount of money in his company if he invested here. "There will not be a union. You will have military protection against unionists. And we will give you black lists of troublemakers so that you will not hire them." The U.S. Congress has evidence of these."

## Guatemala

### Army Denies Link to Attack on Prosecutor in Bamaca Case

*PA2706135495 Guatemala City PRENSA LIBRE in Spanish 26 Jun 95 p 6*

[FBIS Translated Text] The National Army has condemned the attack against Julio Arango Escobar, prosecutor in charge of the Efrain Bamaca case, and it has assured that the military personnel accused of killing the guerrilla Efrain Bamaca had nothing to do with the attack. This was stated by Colonel Morris Eugenio de Leon Gil, spokesman for the Information and Press Department of the Army.

De Leon Gil said the military officers accused of Bamaca's death can resort to appropriate legal recourses, through their attorneys, to request the removal of the prosecutor if they do not agree with what he is doing, although the Supreme Court will have the final say in the matter.

Regarding the attack, De Leon Gil said it could have been a fluke or purely coincidental, and he ruled out any involvement by military personnel in the attack. Otherwise, we would have been the first to condemn it, Col. De Leon Gil added.

Julio Arango Escobar said that since he has started working on the Bamaca case, he has been subjected to pressure, surveillance, and death threats and has come under gunfire while at his office, according to a wire dispatch by the CERIGUA news agency. Arango Escobar said that, since last week, he has received persistent anonymous telephone calls from people threatening to kill him. On a number of occasions he has heard a clock ticking followed by a bomb detonating. [sentence as published]

### De Leon Confirms No Changes Planned in Military Hierarchy

*PA2706200095 Panama City ACAN in Spanish 0027 GMT 27 Jun 95*

[FBIS Translated Text] Guatemala City, 26 Jun (ACAN-EFE) — Guatemalan President Ramiro De Leon Carpio today confirmed the appointment of Defense Minister General Mario Rene Enriquez. De Leon Carpio, the commander in chief of the Army, also said no changes will be announced in the military hierarchy when the military institution marks its anniversary on 30 June.

Enriquez, one of the military men of the institutional line [linea institucional], will remain in his post until the president transfers power on 14 January 1996 when he retires.

"I asked him to remain in the post until I complete my mandate," De Leon said.

From 1991 to 1993, Enriquez was a member of the government delegation to the Peace Commission (Copaz), which is negotiating an end to the armed conflict with the Guatemalan National Revolutionary Unity (URNG).

The head of state also announced the promotion of Colonel Otto Perez Molina, current presidential chief of staff, to brigadier general on 28 June. Perez is considered to be another officer of the Army's institutional line, because he opposed the Armed Forces seizing power after Jorge Serrano, who sought asylum in Panama, carried out a failed coup attempt on 25 May 1993.

### President Confirms Defense Minister To Continue in Post

*PA2806041195 Guatemala City PRENSA LIBRE in Spanish 27 Jun 95 p 4*

[FBIS Translated Text] President Ramiro De Leon Carpio confirmed yesterday that current Defense Minister General Mario Rene Enriquez Morales will continue in his post until the transfer of power in January 1996, while Colonel Otto Perez Molina will be the only officer promoted to the rank of general.

However, the president said that, if Congress approves the bill proposed by the Executive Branch to reduce the duration of active military service, General Enriquez Morales would relinquish his post next year.

The Executive Branch sent Congress a proposal to reduce the time of active duty of generals to 31 years. At present, generals remain on active duty for 33 years, and colonels for 30 years.

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De Leon Carpio said that the only officer that will be promoted to the rank of brigadier general is Colonel Perez Molina, who is currently chief of the Presidential General Staff.

**Sectors React to URNG Participation in Elections**

*PA2706210295 Guatemala City PRENSA LIBRE in Spanish 25 Jun 95 p 4*

[FBIS Translated Text] Conflicting views have been stated nationally regarding the decision of the Guatemalan National Revolutionary Unity, URNG, to participate in the next 12 November 1995 general elections.

Leaders of political parties and people's organizations, businessmen, and the Catholic Church have commented on the issue.

Last Friday, revolutionary commander Rolando Moran announced in the Mexican capital the URNG's decision to participate in the upcoming elections. This participation would be under a *broad front* of convergence of all sectors comprising society, especially people's organizations close to the poorest and neediest sectors, Moran stated.

The political platform the rebels would support would be a small party, *not too discredited,* and which identifies with the cause of the poor and indian sectors, the commander remarked.

Humberto Pretti, president of the Agricultural Chamber, affiliated to CACIF [Coordinating Committee of Agricultural, Commercial, Industrial, and Financial Associations], yesterday asked those who will support the URNG's platform to urge the insurgent high command to lay down their weapons *if they want to participate* in the elections.

The business leader noted the specific case of the Army, which cannot participate in political processes because of its position and its condition as an armed institution. He added that given its status of *belligerence and illegality,* the URNG should not participate in the elections before first resolving these situations.

Meanwhile, the Catholic Church has urged Guatemalans to combat electoral apathy with a view to the November election and recalled that in the legislative elections held in August of last year, only 21.2 percent of the citizens turned out to vote.

Indian leader Rigoberta Menchu Tun, Nobel Peace Price laureate in 1992, denounced recently that 80 percent of women of her race (Mayan), do not have identity documents so they cannot register to vote. Indians make up the majority of the population in Guatemala, Menchu concluded.

**URNG Leader Cited on Main Obstacle to Signing of Peace**

*PA2806032695 Mexico City NOTIMEX in Spanish 1544 GMT 27 Jun 95*

[FBIS Translated Text] Rome, 27 Jun (NOTIMEX) — Pablo Monsanto, of the opposition Guatemalan National Revolutionary Unity [URNG], told NOTIMEX today that the main obstacle to the signing of peace in Guatemala is the pressure by businessmen who oppose the socioeconomic reforms.

"Peace could be signed in the next few days, but it is difficult with the antinationalistic position of the private sector, which has manipulated the UN document," the URNG leader said.

Monsanto and Commander Gaspar Ilom will return to Mexico City tomorrow after concluding a trip to Spain, Switzerland, France, and Italy, where they have informed political party leaders and Catholic Church officials of the progress of the negotiations.

In Italy, they met with Piero Fasino, head of international affairs of the Leftist Democratic Party (PDS), because they were unable to meet with the group's secretary general, Massimo d'Alema.

The URNG leaders explained that the Guatemalan reality to [words indistinct] of Sant'Egidio, peace mediator in Mozambique in 1992, while they spoke at the Vatican with a representative of Cardinal Angel Sodano, secretary [words indistinct].

"The Catholic Church is very interested in the possibility the URNG may reach a peace agreement with the government," said Monsanto, who recalled the resignation of Bishop Rodolfo Quezada Toruno as mediator due to pressure from the Bishops Conference and the Army.

He said the conclusion of guerrilla activity in Guatemala, which has left more than 150,000 fatalities in 38 years, will not depend on the Vatican or on the outcome of the upcoming November presidential elections.

"The peace process has been consolidated despite the difficulty on various points, such as the social and agrarian aspects," he said. The insurgent commander added that the URNG proposals in this regard have been supported by international organizations such as the World Bank (BM).

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Monsanto said the future government will be responsible for fulfilling and observing the agreements proposed by political forces. He added the URNG opposes economic and social measures that adversely affect the Guatemalan people.

"[Words indistinct] and negotiations are a different thing," Commander Monsanto said, adding that in Europe there is "great interest and solidarity for the struggle of the Guatemalan people" and the URNG position of facilitating the formation of a political front.

A PDS spokesman has confirmed to NOTIMEX that the URNG leaders have visited Italy "with little concrete details" and that the contact with the community of Sant'Egidio was made at the initiative of President Ramiro De Leon Carpio during his last visit to Rome.

## Nicaragua

### Foreign Cooperation Minister on Proposal To Resettle Debt

*PA2806035295 Managua Sistema Nacional de Television Network in Spanish 0200 GMT 27 June 95*

[From the "National Newscast"]

[FBIS Translated Text] The Foreign Cooperation Ministry will begin an educational campaign to explain the destination of the donations that have entered the country, which total more $4 billion in the last four years, it says. This campaign will include a meeting with reporters that will try to demonstrate the aboveboard distribution of the funds that were donated.

Foreign Cooperation Minister Erwin Kruger also has said Nicaragua is ready to present its proposal for the resettling of its commercial banking debt, which totals $1.7 billion, because four countries and two organizations have expressed their financial support at a recent meeting of the advisory group. According to Kruger, the settling of this debt will permit the opening of new loan sources for the production sector:

[Begin Kruger recording] We believe we could expedite credits in Nicaragua for more than $300 million in cash if we can buy, erase this debt; that would have a tremendous impact on production and would possibly contribute to increase the estimated growth rate. [end recording]

Kruger also has announced that a Russian delegation will visit Nicaragua in September with a view to reducing the $4 billion debt. A preliminary meeting will be held in July:

[Begin Kruger recording] We have told the Russians they will have to give us a concession level similar to those other countries are giving us. They have offered us 85 percent, and we have said above 90 percent. We are at 95 percent. They have asked to make a specific payment proposal, and we are doing just so. Our proposal now has the support of the IMF. [end recording]

Nicaragua has proposed that the international financial institutions sit in on the negotiations, but the Russians have said it would be better to negotiate with Nicaragua on a bilateral basis.

## Panama

### Minister on Taiwanese Investment Plans for Reverted Area

*PA2706230395 Panama City EL PANAMA AMERICA in Spanish 27 Jun 95 p E-14*

[Report by Arnulfo Barroso Watson]

[FBIS Translated Text] The Governments of Panama and Taiwan are studying the creation of a mixed enterprise to establish an industrial park in Fort Davis, in which Panamanians would provide 100 hectares of land and the Taiwanese the capital, Foreign Minister Gabriel Lewis Galindo said yesterday.

He explained that the enterprise would be represented by the Interoceanic Region Authority (ARI) and the Taiwanese Government. The money Taiwan will contribute should be equal to the cost of the land granted by Panama, and it would be used to build the park's infrastructure, Lewis Galindo added.

Lewis Galindo presides over a Panamanian delegation that will begin on Thursday a 16-day trip to Korea, Taiwan, Hong Kong, the Philippines, and Singapore to promote investments from these countries in the reverted areas.

The remainder of the money contributed by Taiwan would be used to build a residential area with commercial facilities, churches, and schools, Lewis Galindo noted, without specifying where it would be located.

According to the foreign minister, the 100 hectares granted by Panama would revert to the industrial complex (which would be located in Colon).

The Taiwanese would also pledge to promote internationally the establishment of private investors on Fort Davis, which has a total area of 1,200 hectares.

During his trip, the Panamanian delegation will visit a U.S. naval base that reverted to the Philippines, in which a "very successful" industrial park was established, Lewis Galindo reported.

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Panamanian experts stated that the establishment of this park on Fort Davis will take approximately one year, because there is no need to build the infrastructure.

**Free Zone Manager: Prosecutors Becming Demoralized**

*PA2706205795 Panama City EL PANAMA AMERICA in Spanish 27 Jun 95 p 1A*

[Report by Juan Pritsiolas]

[FBIS Translated Text] Free Zone Manager Victoria Figge warned yesterday that investigators of drug trafficking and money laundering become demoralized when "prosecutors... open the door" to those arrested for illicit activities. Speaking before a forum sponsored by the Legislative Committee to Control Drug Trafficking, Figge said it was "demoralizing when a investigation is conducted and people who are harmful to society are released."

When asked about the possibility there may be an economic inducement to release them, he said "I do not know about that, but something is not going well. Many people go free when they should not," she added.

Later on, Drug Prosecutor [Fiscal de Drogas] Rosendo Miranda partially responded to Figge's remarks and explained Panamanian legislation establishes sentences of up to six years in prison for officials who allow drug traffickers to escape.

On another aspect, Victoria Figge also announced that several investigations will be conducted with local and international support to detect money laundering at the Free Zone. She added that systems are being set up at the Free Zone to analyze commercial movement and transactions of more than 10,000 balboas to discover instances of money laundering.

The Free Zone manager said bogus invoicing and reexports are easy ways to launder money. The official also acknowledged the power of drug traffickers "to infiltrate" businesses and convince public officials.

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## Argentina

### Menem: 'Triple Strategy' Against Drug Problem

*PY2706161695 Buenos Aires TELAM in Spanish 2358 GMT 26 Jun 95*

[FBIS Translated Text] Buenos Aires, 26 Jun (TELAM) — President Carlos Menem said today that the drug problem must be faced with three different strategies, and made a call for a global campaign against drug trafficking.

"We can fight narcotics with a triple strategy. We need a repressive policy against criminals, and professional and scientific aid for victims. This approach is also usually effective with high risk groups," the president said.

Menem today inaugurated the First International Meeting for Drug Addiction Prevention and Assistance at the San Martin Cultural Center.

The president said this triple strategy "is a true social challenge," stressing: "We have already made a proposal, from Argentina, on a mechanism to face hunger. We created a White Helmets corps. Now we want to face the problem of drugs with an unprecedented congress."

"The president is very pleased with this massive attendance," Menem said, adding that "the problem of drug addiction is affecting our adults, our youngsters, and — it hurts us to admit — even our children."

Menem said: "The drug problem invades the lives of its victims through the door of solitude, hopelessness, lack of opportunities, and particularly lack of love."

"This depressing phenomenon is no longer an isolated problem; the traffickers of death have made it global and international," Menem added.

Alberto Mazza, health and social action minister; Justice Minister Rodolfo Barra; Alberto Lestelle, drug abuse prevention and antinarcotics struggle secretary; and authorities and diplomatic representatives from many countries accompanied the president during the ceremony.

Papal Nuncio Ubaldo Calabresi and Justicialist Leader Italo Argentino Luder were also present.

Lestelle said his undersecretariat was created at the beginning of the current administration, and gave details of what his department has being doing during this period.

"There are 200 million people in the world with drug addiction problems. Nearly 45 million of them are street children who are being used to sell drugs, and who start their criminal careers by getting involved in petty crimes," Lestelle said.

"A government that does not understand or neglects this problem, and does not promote a strong policy to face the risks, is leaving society at the mercy of drug traffickers," Lestelle said in an auditorium filled with over 3,000 people.

"If we do not look at the risks involved in drug addiction, we risk the disintegration of families, which are society's basic cells, and we will pave the way for something we have witnessed lately: the creation of narco-systems," the official said.

### President Menem Meets Foreign Correspondents

*PY2706221895 Buenos Aires TELAM in Spanish 1619 GMT 27 Jun 95*

[FBIS Translated Excerpt] Buenos Aires, 27 Jun (TELAM-SEM) — President Carlos Menem made it clear today that the government will reaffirm the current economic model during his second mandate, and he flatly rejected the possibility of a devaluation or a backward step toward a "populist and demagogic" economy.

In a news conference for the foreign media, Menem maintained that in no way will there be a return to "what we have deactivated," and he defended the reform of the state and the economic opening that his administration has been implementing since 1989.

The head of state also stressed that the government is not going to "devalue our currency."

Menem rejected the proposal that Argentina temporarily stop paying the foreign debt when he reiterated that a decision of that type "would cause serious consequences" for the country.

He made it clear that that type of proposal does not represent the overall position of the Church because it was the isolated opinion of some bishops. [passage omitted]

Asked about the subject of the Malvinas Islands, Menem reaffirmed the government's decision to work determinedly to recover effective sovereignty over the islands, and he believes that "that it is possible to achieve that objective before the year 2000."

When he was asked about eventual economic compensation for the Kelpers [preceding word in English], Menem explained that "a simple probe is being carried out in order to arrive at an understanding regarding sovereignty."

The president stated that the outcome of the British political situation caused by the internal problems within the Conservative Party "do not affect" relations with Argentina.

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Menem met today with the foreign media at the Alvear Palace Hotel.

The head of state was accompanied by Vice Foreign Minister Fernando Petrella; Media Secretary Guillermo Seita; Press Under Secretary Adalberto Diaz Garcia; TELAM press agency President Martin Oyuela; and Jose Rodriguez Couceiro, president of the Association of Foreign Correspondents.

Menem stated that he was comforted by the possibility of being able to establish contact with foreign media journalists accredited in Argentina, and he said that this meeting was a demonstration of "the absolute freedom of the press and the right to give opinions" that the country is experiencing.

He also indicated his interest in repeating this type of meeting periodically so that the foreign correspondents can get to know in a direct form the thoughts of the Argentine president.

**Financial Crisis in Cordoba Province Viewed**

**Menem Disclaims Responsibility**

*PY2706230095 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1915 GMT 27 Jun 95*

[FBIS Translated Text] Buenos Aires, 27 Jun (NA) — President Carlos Menem today disclaimed all responsibility for the financial crises in which some regional economies are steeped. He pointed out that the troubled Cordoba Province, whose administration "is not very good, is the one which has received the most financial aid from the federal government."

During a news conference with foreign correspondents, Menem pointed out that "in Cordoba, there was an administration that, let us face it, was not all that good." He held Cordoba Governor Eduardo Angeloz directly responsible for the crisis confronting that province.

The head of state said: "It grieves me to have to say it because the Cordoba governor is a friend of mine — we went to the same college and we have vied with each other for the presidency of the Republic — but, unfortunately, events are showing us that the Angeloz administration is rather mediocre. The results of this are there for all the world to see."

The head of state asserted that the federal government "has not been remiss — not for a single moment — in remitting to Cordoba its share of the revenue-sharing scheme on time."

Menem added that the federal government "has moreover appropriated more than $200 million for Cordoba, something which gave rise to complaints from other provinces that were only allocated funds from the revenue-sharing scheme."

In criticizing Angeloz' administration, the president went on to say: "I do not want to meddle with the Cordoba Province judiciary or with the judicial problems that province may have, but witness the actions brought against government officials, especially those working in the banking sector."

Menem indicated that the provinces that failed to honor the commitments taken on under the Federal Pact are the ones facing economic problems, while "the provinces that did their homework do not have any problems."

To that effect, the head of state praised the administrations of Tucuman, Santa Fe, Catamarca, and Santiago del Estero for honoring their commitments with the federal government.

"The problem is said to lie in the fact that Angeloz has been in office for 12 years, but the governor of San Luis, which is one of Cordoba's neighboring provinces, has been reelected to three consecutive terms of office and he has not problem at all," he added.

He also noted that the Provinces of La Pampa, Santa Cruz, and Chubut do not have any financial problems, either. He even pointed out that in Tierra del Fuego, everything, "except for the conflict with home appliance manufacturers, is working all right, and wages have been paid in due time and form."

Hence, the president suggested that the regional administrations are to blame for the provincial crises. He stated: "Problems do not crop up because the federal government has not allotted to provinces the funds that it has pledged."

Menem indicated that the federal government has "complied with the agreements signed with the provinces — including the Fiscal Pact — appropriating the funds stipulated in the revenue-sharing scheme."

"The provinces that have abided by their promises do not have any problems, but those that have not are facing problems. Such is the case of Cordoba Province, which is the one that has received the most from the federal government and yet cannot surmount its present crisis," he noted.

The head of state pointed out that "the other provinces are fulfilling their obligations under the Fiscal Pact with alacrity; they are reforming the state and privatizing deficit-ridden companies, and have no problems whatsoever."

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### Cavallo on Governor's Policy

*PY2806030195 Buenos Aires TELAM in Spanish 2035 GMT 27 Jun 95*

[FBIS Translated Excerpt] Buenos Aires, 27 Jun (TELAM-SEM) — Economy Minister Domingo Cavallo today challenged the Radical Civic Union (UCR) to implement an alternative economic program in Cordoba Province, but he warned that he fears Governor Eduardo Angeloz will go the same way as Raul Alfonsin's government went.

"If the UCR does not want to demonstrate that it has an alternative economic plan to the government's," then Angeloz must advance in privatizations and the reform of the government of Cordoba, Cavallo said.

"I fear that that demonstration will be implemented in Cordoba, under Angeloz' leadership, with the same results that occurred within the country under the leadership of President (Raul) Alfonsin," the minister said.

Thus, the minister referred to the serious economic crisis that obliged Alfonsin to leave the presidency in 1989 before the expiration of his term and in the midst of a hyperinflationary explosion.

Angeloz can pay salaries punctually if he makes progress in the reform of the provincial government, something that he has not done up to the present time; this progress includes privatizations. If not, his situation will become increasingly serious as the weeks go by," Cavallo said in remarks to Radio America.

He stressed that before the elections Cordoba received more advances from the coparticipation funds, so it "cannot resort to the argument of discrimination," and he underlined the fact that the province will not receive those funds in June, July, or August.

The minister maintained that paying salaries and pensions with bonds as the Cordoba governor is proposing "is the most unjust way to get into debt that can be used to finance his lack of fiscal responsibility." [passage omitted]

### UCR Supports Cordoba Governor

*PY2706150895 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1935 GMT 24 Jun 95*

[FBIS Translated Excerpt] Buenos Aires, 24 Jun (NA) — The Radical Civic Union [UCR] executive committee — presided over by former President Raul Alfonsin — today held the federal government responsible for the violent incidents in Cordoba Province. It pointed out that the current economic policy has been "outworn. It is a strategy that brings about a generalized impoverishment of the country, and the provinces are the ones that have to carry the burden in this adjustment."

The UCR demanded that the Economy Ministry grant a bridge loan to Cordoba Province so that Eduardo Angeloz's administration can meet its budget commitments until it can request loans from international financial organizations.

In a harsh communique signed by Alfonsin, among other leaders, the UCR executive committee thus supported the Angeloz administration in Cordoba Province. It moreover warned the federal government that if "it fails to act accordingly, it will have to bear full responsibility for whatever may occur."

In addition, the communique reported that during the meeting that the UCR leaders, headed by Alfonsin, held with government officials on 23 June, Economy Minister Domingo Cavallo "pledged to support Cordoba in its negotiations to secure a loan from international organizations."

The UCR bloc of deputies will meet in Congress on 25 June to review the serious crisis in Cordoba Province. Governor Angeloz has been specially invited to participate in this meeting.

In the UCR executive committee communique the UCR also accused the government of having advanced to the provinces the remittances of shared tax funds before the 14 May elections as "the only way of achieving social peace" before those elections.

The UCR executive committee pointed out that, given "the serious situation" being experienced in our country, "the provinces represent an adjustment variable for an outworn economic strategy that promotes our country's widespread impoverishment."

The communique adds: "In order to reduce their fiscal burdens at least partially, the provinces, victimized by an unprecedented centralist policy, are forced to conform to the Economy Ministry's dictates and implement their privatizations following the method imposed by the Economy Ministry." [passage omitted]

### No Federal Aid for Cordoba

*PY2706202795 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1251 GMT 27 Jun 95*

[FBIS Translated Text] Buenos Aires, 27 Jun (NA) — Finance Secretary Ricardo Gutierrez emphasized today that the federal government will not supply any financial assistance to Cordoba Province. He guaranteed that Argentina would meet the fiscal targets established with the IMF for the third quarter.

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Gutierrez explained the federal government's reluctance to supply funds to Cordoba Province by noting that "there is a golden rule: It is not possible to spend nonexistent funds; therefore, it is necessary to administer the entire public sector."

The finance secretary pointed out that this principle "has not been understood by some governors and is not being understood by some old political leaders, and this is what is causing problems."

Gutierrez said: "We share the people's pains." Nevertheless, drawing funds for Cordoba "would be tantamount to levying taxes on the people to pay for the consequences of Cordoba's mismanagement."

In remarks to a radio station this morning, the finance secretary emphasized: "There is no other way of drawing funds. The federal government is not drawing any more advances on the shared tax system for any province." He noted that "the last advances were drawn on April and May."

Gutierrez explained that Tucuman Province "did not receive any assistance," but advances "on the privatization of the [Tucuman] electrical energy company." "And now the running water company and the provincial bank are being privatized," he noted.

The finance secretary added: "The Tucuman Congress has approved the appropriate bills, allowing the provincial companies and the provincial bank to gain access to the domestic and foreign capital markets." He noted: "Cordoba Province has decided against taking this step for ideological reasons."

Gutierrez pointed out: "Wisely administrating the public accounts and attempting to allocate the funds most urgently required by the population represent a convertibility [plan] requirement."

The finance secretary emphasized that, "upon voting, the population decides on whether the government's allocation of funds is accurate or not." He added: "We believe we did the right thing. Therefore, the government was rewarded with votes in the 14 May elections."

Nevertheless, the finance secretary admitted: "Some issues like improving administrative operations and public spending are still pending." "And this represents a great task lying ahead of us. The rest are ideological rantings that are not contributing anything to the current system," he added.

The finance secretary noted that, through the advanced payment of the wealth tax, "we will meet the fiscal targets that the IMF imposed on Argentina."

### Governor 'Urgently' Seeks Funds

*PY2706213295 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1858 GMT 27 Jun 95*

[FBIS Translated Text] Buenos Aires, 27 Jun (NA) — Cordoba Governor Eduardo Angeloz today stressed that the province that he administrates needs funds "urgently" in order to overcome its critical economic situation, and he insisted on blaming the difficulties on the implementation of "a sinister plan" by the government.

Angeloz admitted that he could have committed "mistakes" within the framework of his management of the [provincial] government, although he downplayed the effect that they had within the framework of the current crisis.

"In 12 years of government many errors are committed or there are lapses, but they are part of the government action," he indicated just before leaving the seat of the House of Cordoba in this capital.

Meanwhile, the provincial governor avoided arguing with President Carlos Menem and Economy Minister Domingo Cavallo by refusing to answer their criticisms of the administration of his province.

At any rate, Angeloz refuted Menem's words when he stressed that "he had never" mentioned the existence of "conspirators" because he had only referred to a sinister plan to harm him.

"The tip of the iceberg [preceding word in English] must be sought in the statements of (Public Revenues Secretary Carlos) Tacchi, who stated that the governor of Cordoba will have to get down on his knees to ask for intervention in the province," he said.

He further stated that he had no intention of "discussing political issues" because he had come to the city of Buenos Aires with the sole purpose of resolving Cordoba's economic crisis, as it "requires urgent funds."

Angeloz added that "at the appropriate time — and if the crisis in Cordoba continues unabated —" he will divulge the names of those who, in his view, orchestrated "the sinister scheme" against his administration.

He requested that the president not "rush him" into disclosing those names. He asserted that he will continue with his demand for "financial aid" for his province.

With regard to a prediction by the economy minister, who had said that Angeloz will have to step down from power before the end of his tenure, the Cordoba governor declared: "When the time comes for me to give a politically sensitive response, the economy minister will hear the answer I always give."

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Changing the subject, Angeloz asserted that the situation in his province is "returning to normal" and that "he continues to hold talks with the trade unions" that have spearheaded the offensive to try to collect their salary payments in arrears so as to come to an agreement.

**Federal Government Economic Policy Discussed**

**Attempt To Instill Optimism**

*PY2606170795 Buenos Aires LA PRENSA in Spanish 22 Jun 95 p 7*

[FBIS Translated Text] Economy Minister Domingo Cavallo yesterday tried to instill some optimism into the markets, which have been continuously hit by bad news. The minister held a news conference at Government House to say that the sudden economic slowdown that has affected Argentina since the beginning of this year reached its bottom during May.

"May was probably the month worst hit by the Mexican crisis," Cavallo told journalists. While the minister admitted that the soon to be released figures will show an increase in the unemployment rate, he added that demand increased during June, particularly in the area of durable consumer goods.

"We believe that the unemployment rate will start dropping in October of this year, and probably before that," Cavallo said.

The Argentine economy was affected by a drastic slowdown at the beginning of the year, as a consequence of the retraction affecting credit sources as a result of the Mexican crisis.

Cavallo said that the cleanup of the financial system will contribute to reestablishing the chain of payments in the economy, which will help loosen up credit for companies and consumers. Cavallo said that the return of mortgage credit will start moving the construction industry, which will provide some oxygen to the economy.

Cavallo stressed that this year's inflation will be lower than during 1994. He said that the cost of living will increase between 3 and 3.5 percent this year, which compares favorably with last year's 4 percent. With respect to the doubts expressed by many economists, Cavallo said that this year the GDP will grow by more than 3 percent.

"We are going through a sort of pause compared to the very fast growth rate of the preceding four years, when the economy grew by around 7.7 percent per year," the minister said.

The minister predicted that the GDP will grow by 5 percent a year in the next years.

**Alfonsin Criticizes Economic Model**

*PY2706174095 Buenos Aires NOTICIAS ARGENTINAS in Spanish 0202 GMT 26 Jun 95*

[FBIS Translated Text] Buenos Aires, 25 Jun (NA) — UCR [Radical Civic Union] President Raul Alfonsin today criticized the government for implementing "an adjustment policy that destroys regional economies," stressing that the current economic plan "increased unemployment and dependence on international credit organizations."

Alfonsin also emphasized that his party "will mobilize around the country to demand a change" in current official economic policies and in the use of the provinces as "adjustment variables."

Alfonsin demanded a government "guarantee" for the loan Cordoba Governor Eduardo Angeloz negotiated with international banks to face the economic crisis in the province, which he characterized as "grave."

Alfonsin said you "cannot penalize a province (referring to Cordoba) because the provincial government does not want to privatize in the way requested" by the national government.

Alfonsin added that Cordoba "suffers pressures that look like extortion, to make it kneel down," adding emphatically that the province "will never kneel down."

"All the provincial problems are the consequence of this adjustment policy that destroys regional economies. The UCR will no longer tolerate this situation," Alfonsin stressed.

The former president made these remarks during a news conference at the end of a meeting with UCR deputies to discuss a "Plan of Political and Legislative Action" to face "the national economic crisis."

The former head of state criticized Economy Minister Domingo Cavallo for "talking in an offensive manner" when speaking about Cordoba's situation.

"The economy minister's remarks do not remind us that we are in a democracy. He (Cavallo) makes himself irreplaceable, but democracy usually rejects irreplaceable men," the UCR president said.

Asked about the possible reasons for President Carlos Menem not having received him on 23 June (when Alfonsin met with Interior Minister Carlos Corach), Alfonsin said: "It is inexplicable."

The former president said that the UCR will contact other social groups to demand a "change" in the economic model, including political parties, labor unions, intermediate entities, and production companies.

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"The call does not seek to resolve Cordoba's problems, but the country's problems. We seek to defend the federal system and to avoid the continued domination of centralism."

Alfonsin criticized the national government's agreement with the IMF, because "the country will not be able to fulfill the payment schedule, as in 1966 we will have to pay $6 billion."

"Can you tell me how are we going to pay that bill?" Alfonsin wondered during the news conference, warning that the disbursement of such an amount will create "a very great recession."

**Federal Fiscal Pact Extension**

*PY2706183195 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1128 GMT 27 Jun 95*

[FBIS Translated Text] Buenos Aires, 27 Jun (NA) — The federal government and the provinces have agreed to extend the Federal Fiscal Pact until 1 April 1996, to permit discussions over a new text after the replacement of the governors.

This was announced yesterday by Buenos Aires Vice Governor Rafael Roma, following a meeting between incumbent Justicialist Party [JP] governors and governors-elect; Eduardo Bauza, the secretary general of the presidency; and Interior Minister Carlos Corach.

Upon making this announcement, Roma, who represented Buenos Aires Governor Eduardo Duhalde, guaranteed that "all the provincial governors" will agree with that measure.

Santa Cruz Governor Nestor Kirchner, La Pampa Governor Ruben Marin, Formosa Governor Vicente Joga, Mendoza Governor Rodolfo Gabrielli, and Entre Rios Governor-elect Jorge Busti participated in the meeting.

Roma denied that the critical situation being experienced by Cordoba Province, where serious incidents occurred last week, had been reviewed during the meeting.

Roma also rejected the possibility that the serious disturbances in the city of Cordoba last week would spread to other points of our country.

Roma emphasized: "This is something that could in no way happen, especially in Buenos Aires Province."

Concerning the existence of a possible consensus over the decision to extend the Federal Fiscal Pact, the vice governor said: "This is the opinion of most provincial governors, and we believe everyone will agree."

Roma pointed out: "There are still ongoing electoral processes in various provinces. It is therefore unwise to raise the shared federal tax system and the Federal Fiscal Pact issues at this moment."

Roma noted that, quite to the contrary, "after all the governors-elect have been installed next year, the discussions will be held with total and absolute calm."

Roma used the example of Governor Joga, who refuses to discuss at this moment the Federal Fiscal Pact, which expires in late July, because he does not want to compromise the administration of his successor.

The vice governor ruled out the possibility of reviewing during the future discussions the 600 million pesos that his province receives through the Historic Restoration Fund [Fondo de Reparacion Historica].

The vice governor emphasized: "This is not under discussion because it has been enacted by law."

Kirchner agreed with Roma that "none of those of us who participated in this meeting is considering — in any way — the possibility of another 'Cordoba,' as most of our provinces are punctually meeting their obligations."

Mendoza Governor Gabrielli noted that in his province "the banks are already being privatized." He said: "We are managing our budget well, and I believe that within our country's widespread problems, we are an orderly province."

**Economic Policy Compared With Those of Brazil, Mexico**

*PY2706233795 Buenos Aires LA NACION in Spanish 23 Jun 95 p 10*

[Article by Silvia Pisani]

[FBIS Translated Text] One thing is clear: Brazil seems to have decided to look after its internal urgencies before anything else.

Today its requirements are: To defend its internal market; to look after its trade balance; and to look after its industrial sector.

Following this line of thought, it may be willing to implement a measure — every week if necessary — to cover its needs.

This is all well and good if it does not adversely affect its partners of the region. If not, then just bad luck and forge ahead all the same.

Thus, it is clear that its association in the subregion does not seem to appear to be among its immediate priorities.

Local analysts point out that the decision of Fernando Henrique Cardoso's government was not adopted precisely to help strengthen the certainty of the region.

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In view of the need to attract capital, the facts place a question mark on the decisions of those who today, from the centers where financial decisions are made, manage the flow of necessary investments for a structure like the one being implemented by Argentina.

Thus, it becomes a factor that complicates the expectations of recovery within the immediate future.

It has been said that "in the short term this implies greater pressure on the local financial market."

The dictum is transferred to both the way in which the international market will receive the new step and to the impact it will have on the local market, which is in need of recovery in its banking and credit system.

And, where trade is concerned it reflects a loss of Argentina competition where Brazil is concerned, which is now helped by a more favorable exchange rate.

This could become a backward step for Argentina's trade balance, which had precisely begun to recover at the expense of Brazil.

In addition to demonstrating weakness in the coordination of monetary policies, the Brazilian devaluation leaves Argentina slightly more alone in the continent.

In other words: In the cases of countries that are very distant from the large centers — those that have so much behind them and that are so difficult to understand — then how can one prevent a comparison between the Mexican and Brazilian devaluations and the Argentine promise not to touch its exchange rate?

Borders within and borders without, this seems to be the economic team's next battle.

## Bolivia

### Campesino Leader Registers Political Party

*PY2206151595 La Paz HOY in Spanish 30 May 95 p 2*

[FBIS Translated Text] ANF — Evo Morales, leader of the coca growers, registered his political party, "Assembly for the Sovereignty of the People" ["Asamblea por la Soberania de los Pueblos"], with the National Electoral Court on 29 May with the intention of participating in the upcoming municipal and national elections.

In the company of some 20 campesinos, Morales arrived at the offices of the court to register his party. Morales explained that the party uses the acronym "ASP," while its banner is coffee-colored and green.

The controversial leader indicated that the decision to register his party is a demonstration that the agricultural workers want to act within the framework of democracy and the law.

"We wish to participate in the development of democracy. We want to vote and make our position known," the campesino said in an interview with PAT [Associated Television Journalists].

Asked whether he expected disapproval [un veto] from the U.S. Embassy in view of his open opposition to the U.S. Government, Morales stressed that possible questioning by foreign powers "does not frighten them." He clarified that they do not think it would reach such an extreme, as they are not a seditious organization.

Within the next 48 hours ASP will present all the necessary documentation, appropriately legalized, pertaining to its members and militants.

### New Party Presented to Electoral Court

*95P20874 La Paz PRESENCIA in Spanish 6 Jun 95 p 6*

[FBIS Translated Text] A new party named "April Movement" Citizens Participation [Participacion Ciudadana "Movimiento Abril"] was presented yesterday to the National Electoral Court by its head, Mario Cossio, who requested that the party be granted legal status so that it can participate in the next municipal elections. Cossio was president of the Tarija civic committee, and his poltical organization seeks to turn around the "frustration, abandonment, and regional neglect" Tarija Department suffers.

### Banks To Seek More Information About Clients

*PY2606213095 La Paz PRESENCIA in Spanish 17 Jun 95 p 8*

[FBIS Translated Excerpt] The latest report of the Bolivian Banking Association (Asoban) states that the recent inter-bank agreement that local banks have signed is aimed at getting to know the clients better and finding out about their operations without violating their right to confidentiality as provided for by law.

The report adds that the objective of the agreement is not to place under surveillance the economic activities of those who operate honestly. "The purpose is to obtain basic information without hampering the day-to-day operations of the clients," the report states.

Asoban emphasizes that the agreement is a significant step toward the fulfillment of the organization's firm desire to keep the financial system healthy and free from unsuitable individuals and corporations. "Furthermore, we want to protect the country's prestige at the time when it needs to attract foreign investors who, as we all know, do not go to places where their money could mix with illegal money that is being laundered," Asoban said. [passage omitted]

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## Brazil

### Cardoso Vows To Fight 'Enslaving Labor'

*PY2706160095 Brasilia Radio Nacional da Amazonia Network in Portuguese 1000 GMT 27 Jun 95*

[FBIS Translated Text] President Fernando Henrique Cardoso this morning addressed the issue of enslaving labor in Brazil, and proved that he is well- informed about the Brazilian reality. During his weekly program "A Word From the President," which is broadcast by the Brazilian Radio Broadcasting Company, the president announced what he described as Operation Touring Inspection, which is designed to fight enslaving labor.

[Begin Cardoso recording] In 1888 Princess Isabel signed the famous Aurea Law, which should have ended enslaving labor in Brazil. I said it should have because, unfortunately, enslaving labor has not ended. There are still Brazilians who are working without freedom. In the past, all slaves had a master. In today's Brazil, slaves move from one master to another, and never know what is in store for them the next day. It is about this sad reality that I want to talk to you today.

Many charges have been raised about this matter. Yet it should be made quite clear what enslaving labor means. Enslaving labor is that which restricts the workers' right to move from one place to another. This problem occurs primarily in the southern part of Para State. Over 80 percent of the cases of enslaving labor that have been reported to the Labor Ministry have come from Para. For instance, well-armed outlaws guard slave workers around the clock on farms where land clearing work is taking place. Furthermore, slave workers are forced to buy everything they need for their sustenance from the farm owners. In most cases the workers do not even know how much they are paying for the items they are buying. In these cases the worker's debt continues to increase, he does not receive any money at the end of each month, and he is forced to continue to work to pay his debt.

Other reports received at the Labor Ministry cannot be regarded as enslaving labor, but rather as degrading labor. This is the case with some sawmills in Rondonia, where Brazilian citizens work under inhuman conditions; that is, without drinking water, without any kind of sanitation facilities, without a decent home, and without any kinds of safety measure to operate electric saws. We often hear reports of workers, and even of children, who have lost their fingers in those sawmills.

There are also reports of cases involving both enslaving and degrading labor. This is the case with some charcoal kilns in the northern part of Minas Gerais State and Mato Grosso do Sul. Irregularities range from violations of labor laws — none of these workers are registered workers — to poor living conditions and a lack of both freedom of labor and of freedom in general.

Inspectors have detected 83 irregularities in four companies in the latest inspection they conducted late in May in the region of the municipalities of Agua Clara, Ribas do Rio Pardo, and Tres Marias in Mato Grosso do Sul.

This year the Labor Ministry has adopted a new policy to fight these irregularities; that is, the touring inspection. Members of specialized touring inspection teams are never made up of professionals who are native from the state where the irregularities have been committed. The Labor Ministry takes action on the basis of reports, and does not always succeed in verifying the irregularities. Whenever a worker escapes and reports the situation to the press, the accused farmers or businessmen quickly get rid of any proof that could serve as evidence of either enslaving or degrading labor. When the charge is confirmed, many of these offenders simply pay a fine to the Labor Ministry, and continue to commit the same irregularities. This has got to stop.

I am signing today a decree to create an executive task force to crack down on forced labor. It will consist of representatives of five ministries: Labor; Justice; Agriculture; Industry and Commerce; and Environment, Water Resources, and Legal Amazon. This will not simply be a deliberating body. It will take action. Its first task will be to formulate truly stiff punishments to those people who are making Brazilians work as slaves.

Legal punishment will not suffice. We must make these people hurt in their pockets. This is where they truly hurt. The administration will no longer grant loans or subsidies to those unscrupulous farmers and businessmen, or reschedule their debts, and it will disqualify them from participating in public bids. It is very important for the five ministries to take joint action.

The Justice Ministry will strengthen cooperation with the Labor Ministry. Today inspection teams are escorted by federal policemen. Action by the Federal Highway Police will improve the effort, because workers who are being subjected to forced labor are recruited from regions other than the work site. For instance, to work in the charcoal kilns of Mato Grosso do Sul, workers are hired in Minas Gerais. A tight control on the highways will help determine where those workers are being taken.

Another irregularity could be fought through action by the Industry and Commerce Ministry; that is, the work of children in the shoe manufacturing industry. Many charges have been made against shoe companies, which cannot be verified because the children work in their own homes. This is completely illegal, inhuman, and is

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economically harmful to Brazil. For instance, the United States has already announced that it will no longer purchase shoes from industries using child labor.

The problem posed by both enslaving and degrading labor in Brazil is extremely, indeed extremely, serious. Fortunately, the administration is not alone in fighting this problem. Several civilian organizations, such as the Pastoral Commission for Land Affairs [CPT], are also taking action. This is the way to deal with this problem, through a joint effort and putting aside political or religious interests.

Before closing today's program, I want to both make an appeal and issue a warning. I want to issue the following warning to those businessmen who are committing these true crimes: The administration is going to take rigorous action. I want to make an appeal to those enslaved Brazilian workers and their families: Report these crimes. I know that violence intimidates. The Labor Ministry has received reports of enslaving labor in Alagoas, but it cannot confirm them because no one has come forward to press charges out of fear, out of fear for their own lives. Yet if people remain silent, those barbaric actions will continue. Contact the regional labor offices, the ministerial offices in the states, the church, the CPT, or the unions. We must make a national effort to once and for all enforce the Aurea Law. [end recording]

**Minister To Discuss Trade Barriers With U.S. Official**

*PY2806001295 Brasilia Voz do Brasil Network in Portuguese 2200 GMT 27 Jun 95*

[FBIS Translated Text] Foreign Minister Luiz Felipe Lampreia today will leave for the United States to meet with U.S. Government officials.

In the United States, Lampreia will say that Brazil would like the hemispheric free-trade zone to be implemented without haste, and without incompatibilities with the general trade rules set by the World Trade Organization.

In addition to multilateral meetings, Lampreia will hold two bilateral meetings: One with his Argentine counterpart, Guido Di Tella, and another with U.S. Trade Representative Mickey Kantor.

Lampreia himself has described the problems he would like to resolve with Kantor:

[Begin recording] In general terms, I would say that a good number of the products in which Brazil has usually been very competitive have been affected by very high barriers. They include tariff or nontariff barriers, as in the case of orange juice, or antidumping measures or compensatory fees, as in the case of iron and steel, shoes, and other products. Therefore, we will certainly convey to the U.S. Government our concern that, as is shown by U.S. export figures, U.S. exports to Brazil are growing more easily than Brazilian exports to the United States. [end recording]

The meeting in Denver will begin on 29 June and end on 1 July.

**Finance Minister Evaluates Performance of Economy**

*PY2806015095 Brasilia Voz do Brasil Network in Portuguese 2200 GMT 27 Jun 95*

[FBIS Translated Text] Finance Minister Pedro Malan has said that the government is already loosening credit restrictions:

[Begin recording] Over the next few days, weeks, and months, we will progressively dismantle the structure of compulsory deposits and restrictions that was assembled for the special purpose of preserving economic stability. The same will apply to interest rates, which will also drop, although gradually, as time goes by.

I believe that this is obvious and that the futures market has already reflected it. The operations made since March have also reflected the interest drop. Therefore, following a generous invitation from the PMDB [Brazilian Democratic Movement Party] and PFL [Libertal Front Party] blocs to address congressmen, I would like to reiterate that Congress will cause a disservice to the country and to itself if it expects that setting interest rates at 12 percent will afford a simple solution. [end recording]

On opening a seminar on the anniversary of the real at the Chamber of Deputies, Malan today said that the inflation rate of June — 1.82 percent — is one of the signals of deceleration of the economy.

Pedro Malan made an evaluation of the first 12 months of the Real Plan, emphasizing the inflation rate drop, which — in his opinion — will average 31.5 percent during the first year of the real:

[Begin recording] I should recall that this is an inflation rate that Brazil has not experienced in more than 20 years. Only at the end of the 1960's and at the beginning of the 1970's did we have inflation rates that were significantly lower than the current rate. At that time, there was another political context, with an economy based on indexation, and with and international context — end of the 1960's, until the first petroleum shock — that was considerably more favorable. [end recording]

The minister said that over the next two years, the inflation indexes will not be one-digit figures, but

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emphasized that the government will continue to adjust the plan, giving priority to the reduction of the Brazil cost, to privatization, and to the constitutional reforms.

Malan said that the exchange rate band regime will continue:

[Begin recording] We have already made two changes in this direction. This is a clear signal of our flexibility in that area. I believe that the tranquillity with which the last change was received by the market and by the press reflects a maturity that I hope will be consolidated, because it is not a subject that should appear in newspapers' political headlines. Therefore, we will continue to be flexible in the exchange rate sector. However, we will have to prevent an excessive growth of demand, which might produce an excessive growth of imports. [end recording]

On the social security reform, Malan said our system will have to be changed because it is unfair from a social viewpoint:

[Begin recording] It is better to begin this change now. Now it is possible to guarantee not only the rights that have already been conquered but the expectations that the current system permits. Waiting five, 10, or 12 years may not guarantee the expectations that will have developed by that time. I reiterate that it is inevitable. [end recording]

**Bank of Brazil Acts To Bolster Coffee Prices**

*PY2706182995 Sao Paulo AGENCIA ESTADO in Portuguese 2209 GMT 27 Jun 95*

[FBIS Translated Text] Sao Paulo, 26 Jun (AE) — In the southern part of Minas Gerais State, the Bank of Brazil today began to disburse funds for the coffee withholding program, which is designed to cause coffee prices to rise on the international market. The Brazilian Government has opened a line of credit of 100 million reals [R] to finance the storage of 1 million bags of coffee nationwide. Gilson Ximenes, president of the National Coffee Council, has estimated that anyone closing a contract on 27 June should have the money no later than three days afterwards.

The Brazilian Government will also make R70 million available for the recovery of crops damaged by frost last year. An additional R55 million will be made available for coffee harvesting, which has just started. Ximenes attributed the drop in coffee prices on 23 June to $1.40 per pound on the New York market to "sheer speculation, to the actions of people who are seeking to bring prices down so that they can pay less in the future." Ximenes said that the disbursement of the funds for withholding coffee will guarantee a recovery in its price.

The Association of Coffee-Producing Countries (APPC) is scheduled to meet in London on 6 July to discuss institutional issues. According to APPC President Rubens Barbosa, who is the Brazilian ambassador to London, the main issue on the agenda will be the choice of a site for the APPC headquarters, which could be London.

In parallel meetings to those of the APPC, some working groups of the International Coffee Organization (ICO) are expected to define the two companies that will be charged with promoting the opening up of new markets for coffee, especially in Asian countries.

**Workers Party More Active in Constitutional Reform**

*PY2806014995 Rio de Janeiro Rede Globo Television in Portuguese 2300 GMT 27 Jun 95*

[FBIS Translated Text] The Workers Party, PT, executive board met in Brasilia today and decided to change its strategy regarding the government-proposed constitutional amendments. During a gathering of the PT Senate and lower house blocs, the PT decided to actively participate in the voting sessions on the constitutional amendments already approved by the lower house, which are now being debated in the Senate, as well as on the regulation of the amendments during the second half of the year.

PT President Luis Inacio Lula da Silva believes the Real Plan is in a delicate stage. The PT wants to mobilize society so as to modify the constitutional reform.

[Begin Lula recording] Together with society, the Workers Party will begin to fight not only for a better economic policy so as to allow the poor to conquer their rights, but also for a constitutional reform. We will continue fighting in the Senate and during the approval of regulations so as to prevent the dismantling of the Brazilian state as desired by some sectors. [end recording]

**Article: Lawmakers Move to Government Parties**

*PY2706201695 Sao Paulo FOLHA DE SAO PAULO in Portuguese 23 Jun 95 Section 1 p 8*

[Article by Raquel Ulhoa and Denise Madueno]

[FBIS Translated Text] During the first five months of this congressional term, 40 lawmakers — 34 of the 513 deputies and 6 of the 81 senators — have betrayed their parties and moved from the one for which they were elected.

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At the Chamber of Deputies, the largest number of moves occurred in May, at the start of the plenary votes on constitutional reforms.

The PSDB [Brazilian Social Democracy Party] and the PFL [Liberal Front Party], the parties that back the president, underwent the biggest growth. In the Chamber of Deputies, the PSDB lost two deputies to the PFL, but gained nine new lawmakers.

The PFL lost Deputy for Maranhao Davi Alves Silva to the PMN [National Mobilization Party] but gained seven other deputies. In the Senate, the PSDB and the PFL gained two new members, without losing anyone.

The PL [Liberal Party] disappeared from the Senate with the withdrawal of Romeu Tuma, who has not yet joined any other party. At the Chamber of Deputies, the balance is also negative, because the party lost four seats and earned two deputies.

The PDT [Democratic Labor Party] sustained the heaviest loss: seven deputies and two senators. The PPR [Progressive Renewal Party] and the PP [Popular Party] lost five deputies, but the PP gained one new lawmaker. At the Senate, the PP lost Osmar Dias (PR) [Parana] to the PSDB, while Romero Juca (RR) [Roraima] moved from the PPR to the PFL.

The main dispute in the Senate is between the PMDB, which has the largest bloc and consequently the right to designate the Chamber president, and the PFL, which has the second-largest bloc.

With a view toward the party reform, which could jeopardize the existence of small parties, larger parties are pressuring senators of the smaller blocs.

Romeu Tuma has already been invited by the four largest parties, while Jose Roberto Arruda (PP) (DF) [Federal District] is among PSDB targets.

The PMDB, which had 22 senators, was joined by Marluce Pinto from the PTB [Brazilian Labor Party]. Party leader Jader Barbalho (PA) [Para] has promised a "big growth" but did not mention figures or names.

The PFL, which had 19 senators, was joined by Jose Bianco (RO) [Rondonia] from the PDT and Romero Juca from the PPR.

The third-largest bloc is that of the PSDB. At the beginning of the congressional term it had 10 senators, now it has 12. The party was joined by Lucio Alcantara (CE) [Ceara] from the PDT and Osmar Dias from the PP.

**Main Points of Economic Deindexation Measure Previewed**

*PY2806020895 Rio de Janeiro Rede Globo Television in Portuguese 2300 GMT 27 Jun 95*

[FBIS Translated Text] The minimum wage, retirement pensions, and public employees' wage adjustments will receive special protection once the economy is deindexed.

The day before the deindexation of the economy is announced, the country is preparing for the end of readjustments through monetary correction indexes. The government has already defined the main points of the provisional measure deindexing the economy.

Rents: Owners and tenants can freely negotiate the rents and choose whatever monetary correction index they want, but rents can be adjusted only once a year.

School fees: They are not included in the provisional measure that will be issued because the Federal Supreme Court is still discussing the issue. Only after a court ruling will the government propose adjustment rules for school fees.

Health insurance: Coverage will be freely negotiated. If medical insurance companies commit abuses, the market will be opened to foreign competition.

Taxes: The Ufir, Reference Fiscal Unit, by which taxes are adjusted, will be corrected every three months until the end of the year. As of 1996, correction will take place twice a year.

Contracts in general: They will be freely negotiated. The government, however, will prohibit the use of monetary correction indexes measuring past inflation.

Private sector salaries: Freely negotiated between labor and management.

The IPC-r, Consumer Price Index-real, will be eliminated.

Planning Minister Jose Serra today said that the salaries of public employees and retirement pensions will not be included in the provisional measure. They will be the object of specific laws. The minimum wage will also not be included in the provisional measure, but it will continue receiving special treatment.

[Begin Serra recording] They will continue being adjusted once a year through a law with the purpose of preserving purchasing power. The minimum wage is not established by management-labor bargaining; it is established by law. [end recording]

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**Aeronautics Minister: Sivam Project 'Resolved Matter'**

*PY2706145495 Sao Paulo AGENCIA ESTADO in Portuguese 2128 GMT 27 Jun 95*

[FBIS Translated Text] Rio de Janeiro, 26 Jun (AE) — Aeronautics Minister Mauro Jose Gandra today stated that the Amazon Region Surveillance System (Sivam) is a resolved matter. He believes that a proposal by Senator Eduardo Suplicy (PT-SP) [Workers Party-Sao Paulo] to suspend the $1.4 billion financing authorization will not elicit any support from the Senate. Gandra said: "The only problem for Sivam was ESCA [Automation and Control Systems Engineering], which has been excluded from the project." He also announced that ESCA employees have been hired to work for Sivam.

**Malan, Serra Bicker Over Import Quotas**

*95SM0390C Sao Paulo O ESTADO DE SAO PAULO in Portuguese 11 Jun 95 p B5*

[Article by Odail Figueiredo: "Dispute Reveals Different Views on Real"]

[FBIS Translated Text] *Disagreements between Serra's and Malan's teams are exposing the dual command of economic policy.*

Brasilia—President Fernando Henrique Cardoso ended the week doing his best to mediate disagreements between Minister of Finance Pedro Malan and Minister of Planning Jose Serra regarding the provisional measure that will establish a quota system for vehicle imports. Fernando Henrique is concerned because the debate exposed even more clearly the dual command of the economic policy that has existed since his administration took office. More than differences in style and temperament, the dispute between Malan and Serra reveals different views of how to implement the Real Plan.

The team at the Ministry of Finance, the stronghold of a good many of the economists who formulated the plan, looks with suspicion on any suggestion of halting imports, which have been one of the factors responsible for bringing down inflation. Serra feels that without guaranteed sources of external financing, the disequilibrium in the trade balance may be the real's chief gravedigger. The Mexican crisis and the trade balance deficits are strengthening Serra's position.

A source close to Malan is attempting to resolve the disagreements, but he admits that friction has marked relations between the two. "Serra has a steamroller style; he wants to do everything right now, and that is the opposite of Malan." Serra's advisers are trying to save face for Malan by saying that the minister of finance's associates are responsible for publicizing the clash of opinions on import quotas. According to those advisers, Serra is irritated with Gustavo Franco, director of international affairs at the Central Bank, who is one of the architects of the foreign exchange policy.

Serra's associates say that Franco encourages Malan to oppose the establishment of quotas because he believes that such a measure will bring more distortions than benefits to the economic program.

The disagreements between Serra and the real team are not something new. According to an official at the Ministry of Finance, those differences will not result in a crisis if the president manages to enforce a strict delineation of each ministry's duties. On the question of the imports, however, responsibility is divided between Malan, Serra, and Dorothea Werneck, minister of industry and commerce. According to the structure set up by Fernando Henrique, the opposing proposals must be reconciled by the Chamber of Foreign Trade headed by Clovis Carvalho, chief of the Civilian Household. Over and above that, Serra has already demonstrated that he is not a minister capable of restricting his activities to the administration of fiscal policy and the oversight of government-owned firms.

**Bill May Alter Law on Sensitive Technologies**

*95SM0390A Sao Paulo GAZETA MERCANTIL in Portuguese 9-11 Jun 95 p A-7*

[Article by Virginia Silveira: "Administration Wants To Alter Legislation"]

[FBIS Translated Text] Sao Jose dos Campos—The Federal Government is going to send Congress a bill providing for the modernization of Brazilian legislation on control of the dissemination of sensitive technologies that might be used for military purposes. By improving the laws and control mechanisms governing those technologies, the administration hopes to facilitate imports of components for the Brazilian space program when the purchase of such components is considered desirable for economic reasons.

The changes provided in the new legislation were also a solution that the Brazilian Government came up with for avoiding reprisals or economic sanctions by the United States, especially now that Brazil's purchase of Russian missile technology has been confirmed.

**'End Use' and 'End User'**

In an official note published about a month ago, the Aerospace Technical Center (CTA) in Sao Jose dos Campos announced that those purchases had been made by the aeronautical commissions in Washington and

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London using legal means. "In certain cases, the countries adhering to the MTCR (Missile Technology Control Regime, an agreement restricting the dissemination of missile technology) required 'end use' and 'end user' certificates, which are frequently issued in connection with the sale of certain items of interest to the Brazilian Space Program," the note said.

The note also pointed out that the space program was being heavily penalized by the more developed countries through the MTCR, a circumstance "that made it necessary to begin developing the technologies for such things as inertial sensors, pyrotechnics, and computer programs for managing control of the vehicle (rocket) during its various flight phases." To ensure that development, Brazil acquired components on the national and international markets. According to the note, the said components were purchased abroad in accordance with specifications issued by the CTA to the aeronautical commissions abroad.

The president of the Brazilian Space Agency (AEB), Gylvan Meira Filho, said yesterday that our country is not in danger of incurring reprisals by the U.S. Government, the reason being that it is taking steps to introduce more effective mechanisms for controlling sensitive technologies in the same way that Russia is. "Brazil is going to cooperate with international efforts to prevent the proliferation of weapons of mass destruction and their delivery platforms," he said, repeating words spoken by then President of the Republic Itamar Franco in February of last year.

Concerning the deals with Russia, the president of the AEB said that both countries are greatly interested in establishing technical-scientific cooperation in the space field. Meira cited the example of the Alcantara Launch Base in Maranhao, which may be used by the Russians to launch international satellites.

At the end of this month, a five-member Brazilian delegation including researchers and officials will leave for Russia to become familiar with the space program developed by the Russians.

The invitation was issued by the president of that country's space agency, who was in Brazil last February for the same purpose.

## Chile

### Foreign Minister Explains Negotiations With EU

*PY2806013395 Madrid EFE in Spanish 1751 GMT 27 Jun 95*

[FBIS Translated Text] Santiago, 27 Jun (EFE) — Chilean Foreign Minister Jose Miguel Insulza has confirmed that Chile will negotiate without haste a formula of association with the EU.

Insulza ruled out the possibility that the talks would be affected by problems of peace and security that worry Europe, and that said negotiations with the European block will be conducted within previously established deadlines.

Under that program, by July 1995 the EU will have to establish the association mechanism it will submit to Chile and only then will bilateral technical talks begin.

Insulza said Chile is not in a hurry to begin the process because its "hands are quite full" with the negotiations with the Common Market of the South (Mercosur) and with NAFTA.

Negotiation between Chile and the EU will reportedly deal with very broad economic and integration aspects, and for this reason it is considered something like a free trade treaty.

The EU council and commission some two weeks ago released, informally, several association options with Chile, either bilaterally or through the Mercosur. In July 1995, it must submit an official proposal.

### Insulza: Chile 'Displeased' Over Argentine Response

*PY2806012095 Madrid EFE in Spanish 2151 GMT 26 Jun 95*

[FBIS Translated Text] Santiago, Chile, 26 Jun (EFE) — Foreign Minister Jose Miguel Insulza said today that Chilean authorities are displeased over Argentina's curt response to Chile's request for a review and interpretation of the ruling on Laguna del Desierto.

The local press today asked the foreign minister for comments on reports that the Argentine Government's response to the Chilean request was "insolent."

Insulza pointed out: "I would rather not discuss that subject until I am briefed on the issue ... in any case, there was something concerning about the language used, which was not to our liking and we have represented it in an appropriate way, to say the least."

The foreign minister indicated that this protest "was against the substance of the case rather than against formal problems, even though these aspects are obviously important from a formal viewpoint and one has to safeguard one's rights in this matter."

Insulza confirmed that the Chilean Government filed a rebuttal to the Argentine response with the Arbitration Court in Rio de Janeiro on 23 June. The Arbitration Court comprising five Latin American jurists ruled —

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by three votes to two — in favor of Argentina on 21 October 1995.

Cesar Gatica, a cartographer from the Directorate of Borders and Boundaries at the Foreign Ministry, took the Chilean note to Brazil and submitted it to the Arbitration Court Secretary Ruben Amaral.

Under the aforementioned ruling, the Arbitration Court awarded Argentina a 530 square kilometer area called Laguna del Desierto, some 2,000 km south of Santiago.

On 23 January 1995, the Chilean Government announced that pursuant to the Treaty of Peace and Friendship signed between Argentina and Chile in 1984, it would resort to a special recourse by requesting a review of the Arbitration Court ruling.

Chile's rebuttal will be examined by the Arbitration Court, which is presided over by Rafael Nieto from Colombia and comprises Reynaldo Galindo from El Salvador; Pedro Nikken from Venezuela; Julio Barberis from Argentina; and Santiago Benadava from Chile.

Argentina has a month to draft a response to Chile's rebuttal. It must submit its response to the Arbitration Court by 24 July, when the court is scheduled to sit in Rio de Janeiro.

The Arbitration Court may issue a final ruling — which is not appealable — on subsequent days or at another meeting, possibly in August.

**Cabinet Team Discusses Upcoming Denver Economic Summit**

*PY2706175795 Santiago LA EPOCA in Spanish 24 Jun 95 p B-1*

[By Cristian Arevalo]

[FBIS Translated Text] Chile believes that the upcoming inter-American summit of finance and commerce ministers to be held in Denver, Colorado, should strive to promote the establishment of a free trade zone at the continental level. During a meeting held yesterday, the International Economic Negotiations Interministerial Committee discussed the position that the Chilean delegation will take to the follow-up meeting to the last summit, held in Miami.

According to Foreign Minister Jose Miguel Insulza, who reported on the issues discussed at the meeting, the Chilean Government believes it is necessary to start defining the main issues and "to establish certain guidelines" about issues such as the achievement of a temporary political commitment, compatibility with GATT, the treatment that less developed countries will be granted, and whether actions will be based on subregional agreements in force or if a new multilateral agreement will be achieved to establish a free trade zone.

Insulza added that he believes it will be difficult to include these issues in the final declaration because it is the first discussion meeting. He admitted, however, that participating countries share "different points of view" on how to address labor and environmental regulations.

The Chilean delegation to attend the summit in Denver is to be headed by Finance Minister Eduardo Aninat and Economy Minister Alvaro Garcia; Labor Minister Jorge Arrate; NAFTA negotiations coordinator Juan Gabriel Valdes; International Economic Relations Department director Carlos Mladinic, and John Biehl, the Chilean ambassador to the United States.

During the meeting, the interministerial meeting approved the hiring of lobbyists to support in Washington the Chilean negotiations to join NAFTA. It has yet to be decided whether this lobbying effort will be on the basis of each individual issue to be negotiated, or whether it will encompass all the issues in question.

The cabinet members responsible for international economic relations agreed that the content and terms of the fast track that has to be debated by the U.S. Congress is a domestic issue that must be handled by each country.

Insulza denied that the U.S. Government had requested the Chilean Government's explicit support for a fast track that would include annexes on labor and environmental issues. He asserted, however, that Chile has no problems in signing these agreements.

He said: "It is one thing for us to be willing to discuss labor and environmental issues and to sign agreements parallel to NAFTA, but yet another in that we continue to uphold the same position, which contends that it is inappropriate to include labor and environmental clauses in any treaty."

It is hoped that during the meeting the NAFTA negotiators will also hold an informal meeting with U.S. Trade Representative Mickey Kantor and the Canadian and Mexican commerce ministers, Roy McLaren and Guillermo Ortiz respectively, who will also be attending the summit. Aninat is also scheduled to hold a working breakfast with Kantor, with the objective of discussing some negotiation issues.

**Defense Minister on Letelier Case Ruling**

*PY2706131395 Santiago EL MERCURIO in Spanish 18 Jun 95 pp D1-D14*

[Interview with Chilean Defense Minister Edmundo Perez Yoma by Raquel Correa in Santiago; date not

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given — passages in italics are Correa's editorial notations]

[FBIS Translated Text] [Correa] We have noticed that the government opted for a low profile regarding the court ruling.

[Perez Yoma] The thing is that everything has been repeated numerous times...

[Correa] But there are new developments every day...

[Perez Yoma] Yes, but the basic issue is that the procedures have been fulfilled step by step.

*Answering criticism allegedly made at the government level, and published by the press, stating that he has not handled the situation well and was too optimistic about the Army's compliance with the ruling, the defense minister states:*

[Perez Yoma] I do not know where this criticism is coming from. If anything, I have been criticized many times for being pessimistic. There were those who thought that the sentencing process would be more expeditious and the incarceration process a mere formality. I said from the very beginning that this would be a long process.

[Correa] Does it take this long when a common citizen is sentenced?

[Perez Yoma] It takes an average of over one month from the time the court ruling is issued to the start of the prison sentence. At the time, the justice minister informed us that in the best of cases and circumstances it would not take less than 15 days.

[Correa] But this has not been the case, right?

[Perez Yoma] We are experiencing one of the likely situations, which were taken into consideration, namely General Contreras's hospitalization.

[Correa] Did you also consider Brigadier Espinoza's illness?

[Perez Yoma] We have no information about Espinoza's illness. I have been told he is experiencing a severe depression. It is logical for anyone who is about to start serving a six-year prison term to be depressed... But I believe Espinoza will go to jail.

[Correa] He says he will request a presidential pardon.

[Perez Yoma] There are several requirements to be fulfilled prior to the granting of a presidential pardon. One of them is to be in jail; to have served part of the sentence; to have good conduct... This is a legal process, and he is entitled to all the possibilities established in the law.

[Correa] It looks as though the government has been overwhelmed by events in this case.

[Perez Yoma] No, it has not.

[Correa] How can that be, if Contreras went to the Sangra regiment, and you were not aware of it? He went to the Navy hospital and you were not aware of that, either.

[Perez Yoma] Yes, of course. These are issues that have overwhelmed me, I admit it. But the possible scenarios that were discussed and submitted to the interministerial committee over three months ago encompassed the possibility that Contreras would continue to delay the process, so as to fulfill his announced intention of not going to any jail. One of the possibilities that were discussed was that he would seek refuge in a hospital, in view of his health situation: He has been operated on and is truly affected by health problems.

[Correa] Where would you rather see him, in a hospital or in jail?

[Perez Yoma] I believe that in the end he will have to go to jail under the jurisdiction of the National Prison Police. I believe, nevertheless, that he will use all legal resources available to remain hospitalized as much as possible.

[Correa] Do you think Contreras deserves to be in jail?

[Perez Yoma] Look, *he says, with a very serious face* all those who issue opinions about court rulings are committing excesses. If we Chileans have authorized a group — the courts — to decide who is guilty and who is innocent, the only thing to do is to comply with the ruling. If this group decided that they had to go to jail, there must be a reason for it. In my capacity as defense minister, it is not up to me to comment on this ruling.

[Correa] If the situation is as normal as you say it is, why did President Frei call off his trip to Sao Paulo?

[Perez Yoma] It is not such an important meeting. Argentine President Menem is not going, either.

[Correa] Are things uneasy for Menem, too?

[Perez Yoma] *He roars with laughter, and says:* We believe that the situation in the country is normal, because the proper steps are being fulfilled, but there is concern over keeping it within a normal and proper framework. In view of the reigning public concern, it would have been hard for the president to justify a trip abroad to attend an interesting but not mandatory meeting at this time.

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[Correa] If you had to define the situation at this time, would you say this was a judicial or political issue?

[Perez Yoma] It is obviously a judicial issue, with clear political connotations, because we are trying to make two people, who according to the Supreme Court committed aggravated murder against a politician, to comply with a court sentence. In addition to this, one of those in question is the former DINA [National Intelligence Directorate] director.

[Correa] And the fact that he is a retired general?

[Perez Yoma] More important than that is the fact that he is a former DINA director, and that the Supreme Court has sentenced him for aggravated murder... Of course it has political connotations, but it is a case that is resolved through the courts.

[Correa] Up to a certain point.

[Perez Yoma] No. Some have said this was a political trial. This is what General Pinochet and other groups have contended. But this is completely wrong.

[Correa] Have you instructed the Defense Ministry or the administration to treat Contreras with "white gloves"?

[Perez Yoma] No. In view of the impact that it may have had on Armed Forces institutions, the Investigative Police Department issued precise instructions to make the arrest procedure as painless as possible, but they consulted us about this procedure and we had to approve it.

[Correa] And give him a VIP treatment?

[Perez Yoma] That was not the issue, and was rather to avoid having the situation with the Armed Forces deteriorate. They are very sensitive inside the Armed Forces about this issue, and the Investigative Police Department is aware of it. It therefore wanted to avoid criticism that they had used unnecessary violence.

[Correa] Did you undertake negotiations with the Army commander?

[Perez Yoma] No. I categorically deny this.

[Correa] You have talked with Gen. Pinochet numerous times; you seem to be on good terms with him, and if you assessed the possible scenarios about three months ago... Did you ever think that the logical thing to do would have been to talk with him, to find out his opinion and act accordingly?

[Perez Yoma] No. The administration, myself, and Gen. Pinochet are completely impartial regarding this case. The important thing in this case was for the Fourth Chamber of the Supreme Court to issue its ruling without any kind of pressures. I believe that the Supreme Court was not pressured by the Army or the executive branch. We believed it was preferable not to discuss the issue while the ruling was still pending.

[Correa] Despite knowing what was to come?

[Perez Yoma] Even so. The only time we met and discussed the issue was when I met with Gen. Pinochet and all the generals from the Santiago garrison at the Lo Curro military club.

[Correa] What would have been best for the government, the sentencing or acquittal, taking into account the problems that the former would cause the Army...?

[Perez] The significant thing, and something we were all aware of, is that this was a pending issue in the transition process. How it would be solved would obviously seriously affect the country's political life.

[Correa] Up to now, do you think the situation is evolving positively for the transition toward democracy in Chile, or do you think there are some dangerous "outbursts?"

[Perez] I do not think one can talk about possible outbursts within the Army. I also think it is very bad that a retired general, who was a member of Gen. Pinochet's government and is now a senator, can even insinuate the possibility of "outbursts" within the Chilean Army. We are talking about an institutionalized, hierarchical Army that fully obeys its commander in chief's orders.

[Correa] And who does the commander in chief of the Army obey?

[Perez] *He stares into space before answering:* Well, the commander in chief of the Army obeys the authorities of the Republic, answering directly to the president of the Republic, through the defense minister.

[Correa] Frankly, this does not seem to have been the case now...

[Perez] *He laughs.* That is established by the law. And that is what he, himself, said.

Did you think the Sangra regiment episode was something normal? Do you think it had all been arranged, or was it improvised?

[Perez Yoma] I think the Sangra regiment episode was very confusing. Due to false information, and we were unable to determine exactly who had been spreading it, the people who were at [Contrera's] country house thought that heavily armed troops were on their way there. Once the Carabineros and Investigative Police chiefs denied that the contingent belonged to either of these two institutions, they panicked and sought refuge

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at the Sangra regiment, with General Garin's authorization, until it was determined what was happening. As soon as it was established that it had been a false alarm, Gen. Garin ordered that Gen. Contreras leave the regiment and return to his country house, as he did.

[Correa] But the government was taken by surprise.

[Perez Yoma] Not only the government, but the Army, too, was taken by surprise. Everyone was taken by surprise. But we were kept informed about what was happening: Gen. Garin kept me fully informed about the developments, and assured me that Gen. Contreras would abandon the Sangra regiment before the end of the day. What is quite clear is that the man panicked. He did not know who was going to his country house, because they were neither members of the Carabineros nor the Investigative Police, and he wanted soldiers to be sent to his house. A development that lasts all night in the interior can be nerve-racking. But when we were certain that it was all just in the imagination of Contreras and those who were with him, he returned to his country house.

[Correa] He said he had been informed by a police authority.

[Perez Yoma] That is what he says. The Carabineros have denied it, and we have not been able to determine whether or not what Contreras said is true.

[Correa] Who fired the shots? Why were shots fired there...?

[Perez Yoma] It has been said that Contreras' son fired the shots. Once the whole family left he remained alone and started firing shots. There was no clash; that is false, completely false, as Alessandri said.

[Correa] Gen. Pinochet admitted that a minor intelligence operation was implemented to get Contreras to leave Fresia and go to the Talcahuano Hospital. Is the Army responsible for that?

[Perez Yoma] I have told the Army what I thought about that entire operation, but this information is secret.

[Correa] But the people are aware that the Navy, the Army, and even the FACh [Chilean Air Force], when it overflew Santiago, participated in that event, causing great unrest.

[Perez Yoma] That is groundless speculation.

[Correa] Do you really believe Contreras is sick?

[Perez Yoma] What I think about Gen. Contreras' health is irrelevant. The important thing is what Justice Banados does or not believe about his health, based on the medical reports and tests he may order.

[Correa] What do you think about the way Gen. Pinochet has behaved regarding this case, until just before Corpus Christi?

[Perez Yoma] He has publicly stated that he will abide by the law. He has always cooperated in the fulfillment of the corresponding procedures. I believe he has been quite clear with the government in admitting that the sentencing of Contreras and Espinoza causes unrest within the Army, and that it is necessary to act cautiously, but that the Army will always act within the framework of the laws currently in force.

[Correa] Do you think Contreras enjoys a lot of support within the Army, and that many may be upset with Pinochet for having said that the problem does not belong with the Army nor with him, but rather with Contreras?

[Perez Yoma] We should point out two things shared by the Army members: One is institutional responsibility, and another the sorrow they feel when one of their comrades-in-arms has to serve a sentence.

[Correa] Don't you think their sorrow is probably over two of the institution members having committed a crime?

[Perez Yoma] I believe that sorrow also exists. For some people determining that... If you have a friend who has committed a crime, you will feel sorry to think he will go to prison. That is only normal, as long as it is kept within the institutional framework.

[Correa] In this specific case, minister, we are not talking about the sorrow of a comrade-in-arms, but of the highest ranking Army authority, who maintains that his comrade is innocent and has been unjustly sentenced.

[Perez Yoma] That is completely irrelevant.

[Correa] What Gen. Pinochet says is irrelevant?

[Perez Yoma] No. The only thing that matters, after all, is that he has been sentenced by the Supreme Court in a trial according to the laws currently in force. It is not up to us to say whether or not it was just.

[Correa] Is it wrong for Gen. Pinochet to say that there was no justice, that a Nuremberg trial was instituted, and that it was a trial for political reasons, as he told LA TERCERA DE LA HORA?

[Perez Yoma] Among other things, a state of law is based on respect for the sovereign decisions made by the branches of which it is comprised.

[Correa] In other words, you think Pinochet should make that judgement?

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[Perez Yoma] Respecting the decisions made by the branches that make up the state of law is a basic duty of every citizen, and especially those who are responsible by law for public administration. Any other judgement is unsuitable and harms the institutional order of the Republic.

Moreover, Article No. 90 of the Constitution establishes that the Armed Forces, subordinated to the Defense Ministry, are necessary for national security and to guarantee institutional order.

[Correa] According to the 1980 Constitution, the Armed Forces "safeguard institutional order."

[Perez Yoma] That is right. And the institutional order is guaranteed by fully and loyally respecting the rulings passed down by our courts.

[Correa] Pinochet seriously questions the judicial branch in stating that the ruling is unjust, and that Contreras and Espinoza are innocent.

[Perez Yoma] I reiterate what I said earlier on.

[Correa] Has the possibility of summoning a National Security Council meeting been contemplated?

[Perez Yoma] No. We have neither discussed the possibility nor dismissed it.

[Correa] Some regard the recent developments as a bloodless coup d'etat.

[Perez Yoma] They talk about a "soft coup." No. Up until now that has not been the case. It would only happen if, once all the legal proceedings have concluded, the corresponding authorities do not hand over the sentenced individuals to the National Prison Police. That is definite.

[Correa] Anyhow, what has become quite clear is that the Armed Forces in Chile continue to enjoy tremendous power, and that they do not seem to be fully subordinated to and respectful of the civilian power. Do you think this is because of 17 years of dictatorship? Because of Pinochet's personality?

[Perez Yoma] I would not only put the blame on the Armed Forces. I believe the Chilean Armed Forces are a hierarchical, obedient, and disciplined institution. An opinion on their attitude during this episode can only be given after the episode concludes.

[Correa] You, of course, believe it will end happily.

[Perez Yoma] I have no doubts about that.

[Correa] And if does not? If there is an uprising?

[Perez Yoma] I cannot even imagine that possibility. It is unthinkable.

[Correa] Don't you think that if a president has no authority over the Armed Forces, all that is left for him to do is resign?

[Perez Yoma] I refuse to talk about possibilities. I truly believe that the Armed Forces are subordinated to the civilian power, that they abide by the laws currently in force, and that they even safeguard the institutional order. We have all witnessed episodes that we would rather had not taken place, but that do not refer to the core of the problem.

[Correa] What did Frei say should be done regarding this episode?

[Perez Yoma] He clearly stated his opinion in his last address to the nation. On that occasion he said that "the 1980 Constitution establishes that the required authority must readily fulfill the judicial mandate and cannot question the grounds, timeliness, or the fairness or legality of the resolution to be executed." He said this before Gen. Pinochet's comments were partially published.

[Correa] Do you intend to summon Pinochet to discuss those comments?

[Perez Yoma] After reading the announced interview, and if necessary, you may be quite sure that I will summon him.

[Correa] Within a truly democratic system, shouldn't the Army commander be sent into retirement for criticizing the judicial branch as he did?

[Perez Yoma] But we cannot do this here. *He laughs again.*

[Correa] This shows the government is in disadvantage...

[Perez Yoma] This Constitution that we promised to respect does not allow us to retire the commanders in chief.

[Correa] What does that mean? That we live in a military democracy?

[Perez Yoma] Well, we are talking about a Chilean democracy we all know, and which the president as well as the ministers have promised to respect.

[Correa] Some also believe that all this noise surrounding the "Contreras case" is a kind of Armed Forces pressure to demand the application of the Amnesty Law so that the crimes committed between 1973 and 1978 cannot be investigated any longer.

[Perez Yoma] I do not believe so.

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[Correa] Do you believe that the Amnesty Law should be implemented without any more delay, or should the investigations continue?

[Perez Yoma] Unfortunately, I believe that as long as the "Contreras case" is not fully closed there is no chance of tranquility, objectivity, and the capacity to sit down to talk and seriously discuss what can be done about the amnesty. And as you say, if this episode were the path, it would be the wrong one.

[Correa] What about a new amnesty covering the 1978-90 period?

[Perez Yoma] I do not think the necessary conditions exist to discuss any kind of amnesty, new amnesty, or anything of the sort.

[Correa] What about the proposal by Senator [Andres] Zaldivar, who belongs to your party?

[Perez Yoma] I think Zaldivar's proposal must be calmly and carefully studied, once the climate we are living in disappears.

## Ecuador

### Foreign Minister on End of Talks With Peru

*PA2706175995 Madrid EFE in Spanish 0034 GMT 27 Jun 95*

[FBIS Translated Text] Quito, 26 Jun (EFE) — Ecuadoran Foreign Minister Galo Leoro today confirmed that a lack of consensus over the delimitation of the Peruvian-Ecuadoran border zone to be demilitarized was the "obstacle" that blocked an agreement at the meeting in Brasilia. The meeting has been suspended indefinitely.

"The obstacle that prevented us from reaching an agreement was precisely the lack of consensus on the delimitation of the area to be demilitarized," Leoro said in Quito following a meeting of the National Security Council.

The head of Ecuadoran diplomacy considered important, however, that the declaration announcing the suspension of negotiations — a declaration issued in Brazil by the 1942 Ecuadoran-Peruvian Border Treaty guarantor countries (Argentina, Brazil, Chile, and the United States) — highlighted the fact that talks will resume in the future.

"I want to stress two things included in this declaration: Certainly, the right moment will be sought once again for resuming these talks, and the fact that the guarantor countries stated this is essential to comply fully with the decisions made throughout the peace process," Leoro added.

These decisions involve, he continued, "the definition of the zone to be demilitarized, the exchange of prisoners, the removal of mines, the normalization of (commercial) border exchange, and the reestablishment of direct talks between the parties." Ecuador does not want areas in which there was no fighting included in the demilitarized zone. The armies of both countries maintained an undeclared war between last 26 January and 28 February along an unmarked portion of their common Amazon border.

Meanwhile, Ecuador is ready to immediately exchange prisoners of war and complete the mine-clearing process, which has already included civilian border checkpoints. In addition, Ecuador is demanding reciprocity from Peru to complete the resumption of commercial exchange that the Ecuadoran Government authorized unilaterally two weeks ago.

Leoro did not refer to those specific proposals forwarded in Brazil which resulted, after four days of negotiations, in the deputy foreign ministers of Ecuador and Peru, Marcelo Fernandez de Cordova and Eduardo Ponce, respectively, being authorized to return to their capitals today "for consultations."

"We are awaiting the return of our deputy foreign minister. Ambassador (to Brazil) Cesar Valdiviezo and General Cesar Duran," the deputy defense minister, "have also been recalled to Quito to provide us with a detailed report of all aspects discussed," Leoro said. Gen. Duran is the "liaison officer" between the Ecuadoran Military Command and the guarantor countries, the foreign minister added.

### Deputy Expresses Fear That Conflict With Peru May Resume

*PA2806024895 Madrid EFE in Spanish 1503 GMT 27 Jun 95*

[FBIS Translated Excerpt] Quito, 27 Jun (EFE) — Gustavo Larrea, a deputy for the Ecuadoran Revolutionary Popular Action (APREA), has expressed fear that the conflict between Ecuador and Peru may resume following the suspension in Brasilia of talks between the two nations with delegates from the guarantor countries.

Larrea has said it is necessary to seek the intervention of UN and OAS peacekeeping forces to prevent renewed armed confrontations.

"This proposal results from the threat of new problems" between the two Andean nations, which are disputing a 78 km area of their common border that has not been delimited.

The Ecuadoran parliament has suggested that Ecuador implement a new international policy regarding its

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territorial dispute with Peru, which has led the two countries to engage in an undeclared war between 26 January-28 February along a strip of their common Amazonic border.

Larrea has said "I do not believe it is to the country's advantage for our diplomacy to move solely by way of the guarantors." [passage omitted]

He added "a diplomatic effort should be made to achieve UN and OAS intervention through the creation of a peace force in the area of conflict so that international pressure will force Peru to yield and avoid confrontations."

**Embassy Denies Attack on Ecuadoran Embassy in Lima**

*PA2706191995 Paris AFP in Spanish 1833 GMT 27 Jun 95*

[FBIS Translated Text] Quito, 27 Jun (AFP) — The Peruvian Embassy in Quito today denied that gunmen attacked the Ecuadoran Embassy in Lima — an attack which, according to international media, allegedly took place early this morning.

A communique delivered to AFP by Ezio Valfre, secretary of the Peruvian Embassy in this capital, stated, "It is absolutely false that the Ecuadoran Embassy in Lima has been the target of an attack or has come under gunfire."

Over the telephone, Valfre added, "The Ecuadoran Embassy in Peru itself has denied being the target of an attack."

In the communique, Valfre noted that early this morning there was an incident between thieves and security guards of a high-ranking Peruvian military officer, whose house is next door to the home of the Ecuadoran ambassador in Lima.

"During their escape, the criminals were intercepted by members of the Peruvian National Police guarding the Ecuadoran mission, and an exchange of gunfire ensued," the communique stated.

Ecuador and Peru have maintained tense relations after waging an undeclared war in January and February of this year over an unmarked 78-km section of their common border in the Amazon region.

## Peru

**Reportage on Guarantor Talks**

**Ecuador 'Engaged In Manipulation'**

*PY2706204595 Madrid EFE in Spanish 1825 GMT 27 Jun 95*

[FBIS Translated Text] Lima, 27 Jun (EFE) — It was asserted today in Peruvian diplomatic circles that the Ecuadoran Government engaged in manipulation in Brazil to frustrate the negotiations called by the guarantors of the Rio de Janeiro Protocol for strengthening peace between Peru and Ecuador.

The negotiations ended on 26 June after five days of talks when no agreement was reached, but the spokesmen of the guarantors did not say the talks were a failure.

The main issue discussed during the meeting held in Brasilia was the proposal made by the guarantors (Argentina, Brazil, Chile, and the United States) for demilitarizing the border zone where the recent Ecuadoran-Peruvian conflict took place.

An initial proposal by the guarantors was approved by Peru in May but rejected by Ecuador, which did not officially gave any reason for its rejection.

It was unofficially learned, however, that the Ecuadoran military commanders oppose the inclusion, in the demilitarized zone, of some military bases which, according to them, were not involved in the undeclared war with Peru.

That version coincided with the remarks made on 26 June by Ecuadoran Foreign Minister Galo Leoro, who said that "the obstacle" that prevented an agreement was "the lack of agreement concerning the demarcation of the zone to be demilitarized."

A Peruvian diplomatic source said today: "We are facing a new maneuver seeking to frustrate the talks in order to make impossible the functioning of the Rio de Janeiro Protocol mechanisms for resolving disagreements between the countries that signed the treaty."

The source added: "The Ecuadoran position is not surprising because its strategy has always been to have the work of the guarantors fail in order to have the problem discussed in other forums."

In Brasilia, however, Peruvian Deputy Foreign Minister Eduardo Ponce refused to talk about a failure by saying that "the talks were only suspended to allow the representatives to hold urgent consultations with their respective governments."

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Upon arriving in Lima today after the Brasilia talks, Ponce said that he and his Ecuadoran counterpart Marcelo Fernandez de Cordova promised to maintain absolute secrecy regarding the content of their negotiations in order to continue the talks "without setbacks or obstacles."

In addition to Ponce and Fernandez, the meeting held in Itamaraty, headquarters of the Brazilian Foreign Ministry, was also attended by diplomats Jose Urunga of Argentina, Fernando Reis of Brazil, Fabio Vio of Chile, and Luigi Einaudi of the United States.

At the conclusion of the meeting, the representatives of the guarantor countries issued a joint declaration expressing their confidence that "the urgent consultations to be held by the Ecuadoran and Peruvian deputy foreign ministers will be positive."

A source close to the guarantors in Brasilia said that what remains to be negotiated "can become complex and last much longer than planned," but that the four guarantors will maintain their good offices "if the decisions agreed upon in the peace process are fully observed."

Ecuador and Peru fought an undeclared war from 26 January to 28 February of this year that unofficially left about 1,000 dead, and hundreds of wounded on both sides, as a result of the old Ecuadoran rejection of the border established in the 1942 Rio de Janeiro Protocol and the 1945 complementary arbitration decision.

### Deputy Minister Returns

*PY2806024795 Lima America Television Network in Spanish 0100 GMT 28 Jun 95*

[FBIS Translated Text] Deputy Foreign Minister Eduardo Ponce, who returned from Brazil after attending a meeting of the guarantors of the Rio de Janeiro Protocol, that was suspended in Brasilia yesterday, said the Peruvian Foreign Ministry agrees with the guarantors in demanding the fulfillment of the decisions agreed during the peace process.

Ponce added that the guarantor countries are fully aware that Peru has fulfilled all the commitments established in the Itamaraty Peace Declaration in a timely manner and that future progress will depend on the establishment of the demilitarized zone as recommended by the mission of military observers, which was accepted by Peru.

## Economy Minister Rules Out Withdrawal From Andean Pact

*PY2706215495 Lima EL COMERCIO in Spanish 14 Jun 95 p E2*

[FBIS Translated Text] Peruvian Economy and Finance Minister Jorge Camet stated on 12 June that Peru will not withdraw from the Andean Pact permanently because sooner or later the other members of the pact will open up their economies as they have promised.

Asked what the Peruvian Government would do if the other four members of the Andean Pact turn down Peru's request for another extension of its temporary withdrawal, Camet answered: "The member countries have undertaken the commitment to open up their economies and to eliminate subsidies, and I am certain that they will fulfill it."

Camet said he was in favor of extending Peru's temporary withdrawal from the Andean Pact for 18 months more, "until our Andean partners clean up their economic policies, bring them closer to ours, and take several steps toward economic opening that are still pending."

The minister emphasized that it would be better if the other members of the Andean Pact made these changes in less than 18 months, adding, however, that he did not believe that such reforms could be implemented much earlier.

## Fujimori Popularity Tracked From 1990 to 1995

*95SM0377A Lima DEBATE in Spanish May-June 95 pp 30-31*

[Based on surveys made by the APOYO, S.A. Opinion and Market Division]

[FBIS Translated Text]

1. 8 August 1990. First economic adjustment by Alberto Fujimori's government. The drastic measures implemented by Minister of Economy and Finance Juan Carlos Hurtado Miller were designed to slow the hyperinflationary process that engulfed the country subsequent to the American Popular Revolutionary Alliance government. [A graph (not reproduced here) indicates an approximate 45-percent approval rating for Fujimori on this issue.]

2. December 1990. Juan Carlos Hurtado Miller implemented the Fujimori government's second economic adjustment, based on an increase in prices and public rates. [A graph (not reproduced here) indicates an approximate 62-percent approval rating for Fujimori on this issue.]

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3. 13 February 1991. Carlos Bolona Behr took up his duties as Minister of Economy and Finance, replacing Hurtado Miller. [A graph (not reproduced here) indicates an approximate 50-percent approval rating for Fujimori on this issue.]

4. August 1991. Minister Carlos Bolona implemented tax reform measures. [A graph (not reproduced here) indicates an approximate 31-percent approval rating for Fujimori on this issue.]

5. 5 April 1992. President Fujimori suspended the bicameral Congress, alleging its inefficiency and corruption, dealing a "self-coup" to the state. [A graph (not reproduced here) indicates an approximate 82-percent approval rating for Fujimori on this issue.]

6. July 1992. Cruel terrorist attacks were perpetrated by the Sendero Luminoso [Shining Path] in Lima. The explosion of a car bomb on Tarata Street on 16 July 1992 was the bloodiest and that which affected the citizens most profoundly. [A graph (not reproduced here) indicates an approximate 61-percent approval rating for Fujimori on this issue.]

7. 12 September 1992. After efforts lasting many months, the National Counterterrorism Directorate located Abimael Guzman. The Senderist leader was captured, together with various other individuals holding high rank in this terrorist group. His capture dealt the Senderist leadership a harsh blow. [A graph (not reproduced here) indicates an approximate 78-percent approval rating for Fujimori on this issue.]

8. 23 November 1992. General elections for the members of the new Democratic Constituent Congress [CCD] were held. Of the 80 parliamentarians elected, 44 were members of the progovernment group Change 90-New Majority, eight represented the PPC [Popular Christian Party], seven the FIM [Independent Moralization Front], six the Renewal movement, five the Coordinating Board, four the MDI [Democratic Movement of the Left], two the FRENATRACA [National Front of Workers and Peasants], two the FREPAP [People's Agrarian Front of Peru], and two the SODE [Solidarity and Democracy]. (A graph (not reproduced here) indicates an approximate 65-percent approval rating for Fujimori on this issue.]

9. 31 October 1993. A national referendum was held and the results approved the new constitution drafted and presented by the CCD. During this month, the letters of Abimael Guzman also appeared. They asked his followers to abandon the armed struggle and surrender their weapons. [A graph (not reproduced here) indicates an approximate 69-percent approval rating for Fujimori on this issue.]

10. 28 February 1994. The telecommunications enterprises were privatized. Telephones of Spain paid $2.002 billion for 35-percent of the shares, making this transaction the most successful sale of a state enterprise to date. [A graph (not reproduced here] indicates an approximate 67-percent approval rating for Fujimori on this issue.]

11. September 1994. Carlos Manrique was arrested in Miami after lengthy pursuit and was charged with fraud and the collapse of the CLAE [Latin American Congress of Students]. [A graph (not reproduced here) indicates an approximate 69-percent approval rating for Fujimori on this issue.]

12. January-February 1995. The conflict with Ecuador broke out on the northern frontier. On 13 February, President Fujimori announced that Tiwinza, supposedly the last Ecuadoran surveillance post on Peruvian territory, had been retaken. [A graph (not reproduced here) indicates an approximate 77-percent approval rating for Fujimori on this issue.]

13. 9 April 1995. Presidential elections were held, and President Fujimori was reelected for a second term by more than 64 percent of the votes. He also won a comfortable majority in the Congress. [A graph (not reproduced here) indicates an approximate 80-percent approval rating for Fujimori on this issue.]

## Venezuela

### President Caldera, Ministers Vow To Fight Crime

*PA2806013395 Caracas Venezolana de Television Network in Spanish 0200 GMT 27 Jun 95*

[From "The News" newscast; passages within quotation marks recorded]

[FBIS Translated Text] The events that took place on 23 June at the Tamanaco Urological Institute in San Roman neighborhood have once more shown the state of insecurity in which our country is living every day due to the increasing violence. In view of this situation, the chief of state recognized that the security bodies will be supported in the fight against crime despite the mistakes made. Pedro Prado has the story:

[Prado] Moved by the events that occurred at the Urological Institute in San Roman, President Rafael Caldera stressed that the fight against crime must be the result of a permanent effort and that this fight will not immediately yield positive results. He lamented the bad publicity stating that Caracas is the most dangerous city in the continent and emphasized that crime must be faced with all the harshness of the law.

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[Caldera] "I repeat: this fight is long, hard, and difficult. We are willing to face it head-on in a serious and determined fashion. The problem will not be solved by dismissing officials or removing authorities; it will be solved by all of us facing it with solidarity, coordinating our efforts, and combining them in a fashion that is more adequate and more scientific each day in order to really be able to succeed the way we should."

[Prado] Meanwhile, Interior Minister Ramon Escovar Salom announced that a war against crime will be waged, and Justice Minister Ruben Creixems admitted to making mistakes in the San Roman incident but assured that no excesses were committed.

[Escovar] "It is not that crime puts the government to the test; it is that the underworld has been doing what it wanted to do in this country for a long time, because there has not been a response. This is the first time that there is a response. We are firmly enforcing the Law on Vagrants and Juvenile Delinquents, and it will continue to be enforced."

[Creixems] "When a shot is fired, it is no longer a case of rescuing hostages; it is a confrontation with criminals. When we confront criminals, there are no plans or coordination. The main objective is to kill the criminal before he kills a large number of citizens." [sentence as heard]

[Prado] Both the interior and justice ministers stressed that according to television footage and the results of the preliminary investigations authorities are conducting, it was determined that one of the criminals opened fire first.

**Stock Exchange President on Brady Bonds**

*PA2706023895 Caracas EL UNIVERSAL In Spanish 24 Jun 95 p 2-1*

[FBIS Translated Text] Caracas Stock Exchange President Alejandro Salcedo has noted that negotiation of Brady Bonds in the capital city bourse will not entail capital flight or draining the excess liquidity that currently exists in the Venezuelan financial system.

The country is suffering from the inflationary effects caused by the government's political decision to increase the cash flow through financial assistance to ensure payments to depositors of intervened-in banks.

This is why Salcedo is talking about draining excess liquidity.

He made a clarification on capital flight, because the Caracas exchange was the site of 13 operations worth $8.11 million.

This amounted to 1.378 billion bolivares.

Besides the Brady Bonds, a Debt Conversion Bond worth $2.75 billion was transacted on 23 June.

This was the first time that a DCB (the English acronym for such bonds) was negotiated in the stock exchange.

The capital city exchange has registered small stock movements worth only 98.53 million bolivares, although the amount of negotiated stock increased to 556.38 million bolivares.

Nearly 461 million bolivares of that total resulted from 19 transactions for 8.38 million in Sivensa [expansion unknown] stock at 55 bolivares each.

The exchange executive added that, in determining the value of the dollar, besides taking into account the correction factor [factor de correccion], one must also include the interest generated by the payment of each one of such instruments.

**Price of U.S. Dollar Declines**

A Debt Conversion Bond for $2,750,000 was negotiated at a price of 67.07 percent of its face value, which means that the U.S. dollar was exchanged for more or less 238 bolivares. It is worthwhile explaining the term more or less, since the price also includes a 1.4 percent correction factor that represents the interest paid on each paper.

Several other operations were carried out with a correction factor of 1.3 in addition to interest that caused the U.S. dollar to decline to 221 bolivares.

This means that, as relates to the transactions that were carried out on the previous day (Thursday), where the U.S. dollar/bolivar exchange rate for Brady bonds had been 238 bolivares, more or less declined by 17 bolivares, and ended up by settling at 221.

One transaction involving $1 million in bonds was sold at a price of 72 percent, while six other operations totaling $500,000 were sold at a discount price of 72 percent. In addition, four other operations amounting to $250,000 were sold for 72 percent, while one operation for $360,000 was sold for 73 percent.

**Brady Bonds Market Still Considered Minor**

The president of the Caracas Stock Exchange will be traveling this Friday to Spain, but before leaving he decided to answer several of our questions.

[Carrillo] What can you say about the Brady Bond's performance at the Caracas Stock Exchange and other types of transactions?

[Salcedo] All public debt bonds are registered, but not all have yet been negotiated. Transactions are scheduled

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to renew this Thursday as result of Decree 714, and with the Finance Ministry attesting to the validity of the shares.

The volumes that have been exchanged have so far been insignificant, which is evidence of the market still being perceived as minor. However, this market will continue to grow as more and more offers are made, and this will only take place if there is a climate that will encourage investments in the country.

It could be said that a suitable climate is already in effect as a result of the opening process announced by President Rafael Caldera, which is attested to by the decrees that have so far been approved.

The president of the Caracas Stock Exchange also announced reforms would be made to Decree 41 related to capital repatriation.

Why are two markets being observed? The Caracas Stock Exchange, which does not exceed 100 million bolivares, and the Brady Bonds, quoted in dollars, which closed at more than $8 million this Friday, 23 June?

Venezuelans did not have means of obtaining dollars, except for the OTAC [Exchange Administration Technical Office]. This is a window being opened to allow the purchase of dollar assets with bolivares, which will help people pay for their debts in dollars.

It will also help people wishing to invest here to convert their Brady Bonds into bolivares so they can buy here.

A huge demand is being repressed now, and a significant supply of bonds is not available yet. As the situation begins to normalize, it should change.

What investors want is to have a clear means for the buying and selling of the bonds, and the Brady Bonds facilitates this.

He adds that all of this will be made clear when the SIEX [Foreign Investments Authority] regulation is approved in a Council of Ministers. This way the people will know how to register their investments.

As for why the stock market has not yet recovered, Salcedo answers himself: For a very simple reason, because we have only been operating for two days; these investors operate like institutions, and there is a logical process for reading the decree, interpreting the decree, and giving it to the lawyer so that he can study it.

He announced that the Caracas Stock Exchange ordered a study of the entire Brady Bonds negotiation process, the results of which will soon be released.

— Why are people talking about a flight of capital through the Brady Bonds?

There is no flight of capital here. There are two very clear concepts with the Brady Bonds: there is no liquidity reduction or flight of capital.

There were persons who had Brady Bonds outside the country and those Brady Bonds will stay outside.

There were some Venezuelan gentlemen who had some bolivares and are now giving them to other gentlemen. The same bolivares are changing hands, changing owners, that is from bolivares to bolivares and Brady to Brady.

The great advantage of this system is that the state's international reserves are not touched and are not risked, he added.

Asked about the use of the Brady Bonds to purchase Fogade's [Deposit Guarantee and Banking Protection Fund] assets, Salcedo said that, once this market is developed, this mechanism which could be called converted debt [deuda en conversion] could achieve two things if the state receives payment in Brady Bonds: recover debt abroad and drain liquidity.

The latter could happen, if the Venezuelan state, let us suppose Fogade's assets in the intervened banks included Brady Bonds and Fogade could sell those bonds. [sentence as published] The state could collect bolivares.

With these bolivares it could cancel its debt with the Central Bank of Venezuela, thereby increasing its liquidity.

He mentioned that there were some difficulties in conducting these operations because of the Law for the Protection of State Property [Ley de Salvaguarda], but this mechanism allows the state to conduct transactions with its debt notes, which for the state should be worth 100 percent because they were issued by the state itself.

One thing is for the market and another is for the state, he said.

If Fogade receives payment in Brady Bonds, I cannot give my opinion as to what percentage of the bonds will be recognized, but if it receives them as payment the state would lose some assets but would also get rid of some debts.

He described the operation as beneficial for the state when it is conducted, because it gets rid of assets that represent losses and debts quoted in foreign currency.

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